



Bengal Tea & Fabrics Limited

CIN No. L51909WB1983PLC036542
Century Towers, 45, Shakespeare Sarani, 4th Floor, Kolkata - 700 017
Telefax : 91-33 2283 6416/6417, e-mail : mail@bengaltea.com
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ISO 9001 : 2008

FORM A

Sr. No.	Particulars	
1.	Name of the Company	Bengal Tea & Fabrics Limited
2.	Annual Financial Statements for the year ended	31 st March, 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Whether appeared for first time...../repetitive...../since how long period..... Note: Audit Report of the Company has been unqualified from last 10 years

Adarsh Kanoria
Managing Director
(DIN No. 00027290)

Dhanpat Singh Pagaria
Chief Financial Officer

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

Dharendra Kumar
Chairman -Audit Committee
(DIN No. 00153773)

ANNUAL REPORT 2013-14



Bengal Tea & Fabrics Ltd.



CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Adarsh Kanoria <i>Managing Director</i> Mr. Abhijit Datta Mr. Dharendra Kumar Mrs. Shubha Kanoria Mr. Ashutosh Bhagat	Mr. Kailash Prasad Khandelwal <i>Whole-time Director</i> Mr. Golam Momen Mr. Samveg A. Lalbhai Mr. Navin Nayar
CHIEF FINANCIAL OFFICER	Mr. Dhanpat Singh Pagaria	
COMPANY SECRETARY	Mrs. Sunita Shah	
AUDITORS	M/s. Jain & Co., Chartered Accountants	
BRANCH AUDITORS	M/s. Sorab S. Engineer & Co., Chartered Accountants	
COST AUDITORS	M/s. N. D. Birla & Co., Cost Accountants M/s. D. Radhakrishnan & Co., Cost Accountants	
BANKERS	State Bank of India Punjab National Bank Bank of India IDBI Bank	
TEA DIVISION	Ananda Tea Estate P.O. Pathalipam 787 056 Dist. North Lakhimpur (Assam)	
TEXTILE DIVISION	Asarwa Mills Asarwa Road, Ahmedabad 380 016 (Gujarat)	
REGISTERED OFFICE	45, Shakespeare Sarani 4th Floor, Century Towers, Kolkata 700 017, India Telefax Nos. : 91 33 2283-6416/17 E-mail : investor@bengaltea.com Website : www.bengaltea.com	
REGISTRAR & SHARE TRANSFER AGENT	C. B. Management Services (P) Ltd. P-22, Bondel Road, Kolkata 700 019 Telephone : 91 33 4011 6716/17/23/28, Fax : 4011-6739 E-mail : rta@cbmsl.com	

CONTENTS

Directors' Report	2-4
Management Discussion & Analysis Report	5-6
Report on Corporate Governance	7-16
Particulars of Employees	16
Report on Energy Conservation etc.	17-18
Auditors' Report	19-21
Balance Sheet	22
Statement of Profit & Loss	23
Cash Flow Statement	24
Notes to the Financial Statements	25-40



DIRECTORS' REPORT

Dear Members,

The Directors of the Company present their 31st Annual Report and Company's Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULTS

The financial results for the year ended 31st March, 2014 and the corresponding figures for the last year are as under:

(Amount in ₹ Lacs)

	2013-2014		2012-2013	
Profit before Interest, Depreciation and Tax		3848		3160
Less : Finance Cost	781		943	
Depreciation & Amortization Expense	1192	1973	1013	1956
Profit/(Loss) after Interest & Depreciation		1875		1204
Less : Tax Expense for Current Year (Net of MAT Credit Entitlement)	102		99	
Deferred Tax Provision/(Written Back)	520	622	(41)	58
Profit/(Loss) after Tax		1253		1146
Add : Balance Brought Forward from Last Account		1274		233
Less : Transferred to General Reserve		(100)		-
Less : Proposed Dividend & Tax thereon		(211)		(105)
Credit balance carried to Balance Sheet		2216		1274

DIVIDEND

Your Directors are pleased to recommend a payment of Dividend of ₹ 2.00 per Equity Share of ₹ 10/- each (Previous year ₹ 1.00 per Equity Share) for the year ended 31st March, 2014 amounting to ₹ 211 lacs (inclusive of tax of ₹ 31 lacs) subject to the approval of members at the ensuing Annual General Meeting.

OPERATIONS

Tea Division

During the year under review, your Company achieved a production of 21.97 lac kgs of Black Tea as compared to 20.33 lac kgs in the previous year. Although the production of own green tea leaves was marginally higher, the Company was able to procure more outsourced leaves resulting in higher production.

The average sale price for CTC tea in all auction centres remained lower as compared to previous year but the average realisation of your tea estate has increased by about ₹ 9/- per kg due to production of quality tea which was in good demand in the market and fetched attractive prices. There has been an all round increase in wages, power and fuel and other input costs.

The current season has started with extreme drought like situation which has resulted in loss of crop. Such situation has existed in almost all tea producing districts of North-East India.

Tea market is expected to remain buoyant due to no carry-forward of old season stock. Good quality CTC tea will continue to attract premium and considering the above scenario, the performance of tea division is expected to be satisfactory.

Textile Division

During the year under review, the Textile Division has earned the highest ever profit before tax of ₹ 737 lacs as against ₹ 53 lacs in the previous year. Though in 2013-14 cotton prices were higher by about 16% as compared to previous year, the Division was able to control its power and finance cost and earn higher margins. The year, in general, was good for the textile industry as there was good demand from both the domestic and overseas markets. The Division has achieved a turnover of ₹ 20,417 lacs as against ₹ 17,614 lacs in the previous year registering a growth of 16%. The overall operations of the division were satisfactory.

MODERNISATION AND PROSPECTS

The Company is continually modernizing its Textile Division by installing latest technology machines by replacing old machines. This helps in optimizing the cost of production, improvement in quality, improvement in product-mix and higher realization. During the year under review, the Division has also expanded its Process House Capacity to increase the production of processed fabric. In view of the division having a competitive edge in terms of quality of its products due to continual modernization of plant, increase in capacity of Process House, increasing prospects of a stable Government at the centre, future prospects of the division looks good.

During the year, the Company has also invested a sum of ₹ 108 lacs for installation of two electrical irrigation sets at its Tea Division to meet the requirement during dry season.



DIRECTORS' REPORT (Contd.)

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is set out in the annexure forming part of the Annual Report marked as **Annexure - "A"**.

CORPORATE GOVERNANCE REPORT

The Report on Corporate Governance in accordance with Clause 49 of the Listing Agreement with the Stock Exchange, approved by the Board together with a Certificate from Statutory Auditors M/s Jain & Co., Chartered Accountants regarding compliance with the conditions of Corporate Governance are set out in the annexure forming part of the Annual Report marked as **Annexure - "B"**.

Your Company has taken adequate steps for strict compliance with Corporate Governance guidelines, as amended from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors confirm that :

- (i) in the preparation of the annual accounts for the year ended 31st March, 2014, the applicable accounting standards read with the requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same.
- (ii) they have made judgments and estimates that are reasonable and prudent and have selected accounting policies and applied them consistently to give true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit for the year ended on that date;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

DEPOSITS

During the year 2013-2014, your Company did not accept/renew any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules thereunder and as such, no amount of principal or interest was outstanding as on 31st March, 2014.

DIRECTORS

As per the provisions Section 161 of the Companies Act, 2013, Mrs. Shubha Kanoria (DIN No. 00036489), Mr. Navin Nayar (DIN No. 00136057) and Mr. Ashutosh Bhagat (DIN No. 00059842) were appointed as Additional Directors w.e.f. 10th May, 2014 and they shall hold the office up to the date of the ensuing Annual General Meeting. The Company has received requisite notices in writing from members proposing their candidature for the office of Director under Section 160 of the Companies Act, 2013. The Board recommends their appointment as Directors whose period of office shall be liable to determination by retirement of directors by rotation.

Mr. Golam Momen (DIN No. 00402662), was liable to retire by rotation at the ensuing Annual General Meeting. Mr. Dharendra Kumar (DIN No. 00153773), Mr. Abhijit Datta (DIN No. 00790029) and Mr. Golam Momen, Directors of the Company, are being appointed as Independent Directors for five consecutive years for a term up to 31st March, 2019 as per the provisions of Section 149 and other applicable provisions of Companies Act, 2013. The Company has received requisite notices in writing from members proposing their appointment as Directors. The Board recommends their appointment as Independent Directors.

Subject to the approval of the members in the general meeting, the Board of Directors on 7th December, 2013 re-appointed Mr. Adarsh Kanoria (DIN No. 00027290) as Managing Director of the Company w.e.f. 1st January, 2014 for a period of 3 years as per the terms specified in the agreement dated 31st December, 2013 entered into between the Company and Mr. Adarsh Kanoria.

Mr. Kailash Prasad Khandelwal (DIN No. 00914834) was appointed as an Additional Director w.e.f. 9th November, 2013 and he shall hold the office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing from a member proposing his candidature for the office of Director. Further, subject to the approval of the members in the general meeting the Board of Directors on 7th December, 2013 appointed him as the Whole-time Director of the Company w.e.f. 1st day of January, 2014 for a period 3 years as per the terms specified in the agreement dated 31st December, 2013 entered into between the Company and Mr. Kailash Prasad Khandelwal.

Mr. Samveg A. Lalbhai, (DIN No. 00009278) was re-designated as Non-executive Director from Independent Director with effect from 10th May, 2014 liable to retire by rotation in compliance with the provisions of the Companies Act, 2013. Mr. Radheshyam Saraogi (DIN NO. 00552203) Whole time Director of the Company resigned from the Board of Directors with effect from 1st January, 2014.

Brief resume of the Directors seeking appointment/re-appointment, nature of their expertise in specific functional areas and details of their directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of the Listing Agreement, are provided in the Report on Corporate Governance marked as Annexure - B.



DIRECTORS' REPORT (Contd.)

AUDITORS AND AUDITORS' REPORT

M/s. Jain & Co., Chartered Accountants, Statutory Auditors of the Company, holds office till the conclusion of the ensuing Annual General Meeting and are eligible for the re-appointment.

As per Section 139 of the Companies Act, 2013, the Shareholders of the Company, can appoint the Statutory Auditors of the Company for a term of 5 years if they are Individuals and for 2 terms of 5 years each if they are Audit Firms.

M/s Jain & Co., Chartered Accountants, (Firm Regn. No. 302023E) have already served the Company for a period of 10 years. The Company has received letter from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified for re-appointment. The Board recommends the appointment of the auditors for a period of 3 years till the conclusion of the 34th Annual General Meeting. The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

COST AUDIT

Pursuant to the order no. 52/26/CAB-2010 dated 24th January, 2012 of the Ministry of Corporate Affairs ('MCA'), the Company is required to conduct audit of cost accounting records of its textile and tea division. In terms of the said order Cost Audit is conducted by firm of Cost Accountants appointed with the approval of the MCA. In terms of General Circular No. 15/2011 dated 11th April, 2011 issued by MCA, full particulars of the Cost Auditors as also other details pertaining to the Cost Audit are given below:

PARTICULARS OF COST AUDITORS AND DETAILS OF FILING OF COST AUDIT REPORT DURING THE FINANCIAL YEAR

Details of Cost Auditor	Unit Audited	Due date of filing	Actual date of filing
Name: N.D. Birla & Co. Address: A-3, Nirant Society, Opposite Town Hall, Near Karnavati Hospital, Ellisbridge, Ahmedabad, Gujarat- 380006 Registration No. allotted by ICWAI: 00028	Textile Division- Bengal Tea & Fabrics Ltd. Asarwa Mills - Ahmedabad	27th September, 2013	26th September, 2013
Name: D. Radhakrishnan & Co. Address: 11A Dover Lane, Flat B1/34 Kolkata- 700029 Registration No. allotted by ICWAI: 00018	Tea Division	27th September, 2013	26th September, 2013

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER

During the year under review, information required to be given pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 as amended, is annexed hereto marked as **Annexure - "C"** and forms part of this Report.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is set out in the annexure forming part of the Annual Report marked as **Annexure - "D"**.

TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, relevant amounts which remained unpaid or unclaimed for a period of seven years have been transferred by the Company, from time to time on due dates, to the Investor Education and Protection Fund.

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 and unclaimed amounts lying with the Company as on 3rd August, 2013 (date of last Annual General Meeting) on the Company's website (www.bengaltea.com) as also on the Ministry of Corporate Affairs' website.

ACKNOWLEDGEMENT

The Directors appreciate the co-operation and timely assistance extended by Banks and all other associates and look forward to continue fruitful association with all business partners of the Company.

Kolkata

Dated : 21st day of June, 2014

K P KHANDELWAL
 Whole-time Director
 DIN No. 00914834

For and on behalf of the Board

ADARSH KANORIA
 Managing Director
 DIN No. 00027290



MANAGEMENT DISCUSSION & ANALYSIS REPORT

ANNEXURE - "A"

(Forming part of Directors' Report for the financial year ended 31st March, 2014)

TEXTILE DIVISION

Industry Structure and Developments : The Textile industry has an overwhelming presence in the economic life of the country. It plays a vital role through its contribution to the industrial output, employment generation and export earnings of the country. It provides direct and indirect employment to about 80 million people. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation. India is among the few textile manufacturing countries in the world which is fully integrated from fibre to finished products. According to Technopak's Textile and Apparel Compendium 2012, the potential size of Indian textile and apparel industry is expected to reach USD 221 billion by 2021.

Opportunities and Threats : The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as overseas demand. Growing penetration of organized retail and increasing local sourcing by global brands and retailers in India offer opportunity to the Indian textile industry to grow further. Government of India as well the State Governments are providing tremendous support to the textile industry.

Non-availability of skilled labour, non-availability of raw materials at stable prices and currency fluctuation may pose a threat to the textile industry in India.

Product-wise Performance : Production of cloth has marginally increased and average realisation has improved substantially due to better product mix and increase in selling prices.

Production of yarn has increased due to completion of modernization project and purchase of more yarn for captive consumption. Sales volume has increased due to good demand. Average realization has improved because of better selling prices due to good demand in the market.

	Cloth			Yarn		
	Production (Lac Mtrs.)	Sales (Lac Mtrs.)	Average Realisation (₹ Per Mtr.)	Production (Lac Kgs.)	Sales (Lac Kgs.)	Average Realisation (₹ Per Kg.)
2013-14	84.37	84.89	97.53	48.92	47.97	221.08
2012-13	84.02	86.91	82.99	41.39	41.43	198.81
Change	(+)0.42%	(-)2.32%	(+) 17.52%	(+)18.19%	(+)15.78%	(+)11.20%

Outlook : The textile division of the Company is having a competitive edge in terms of quality due to continuous modernization of the plant. We expect better performance in the coming years on the back of revival in world economy including India.

Risks and Concerns : The cotton prices which have almost stabilized may tend to increase due to various extraneous factors and lead to uncertainty. High labour and energy costs, non-availability of skilled labour together with inflation are causes of concern.

Discussion on the Financial Performance with respect to the Operational Performance : The division has performed exceptionally well by earning a profit before tax of ₹ 737 lacs against ₹ 53 lacs in the previous year mainly due to increase in average price realisation of both cloth and yarn, more production of value added products, and also due to benefits derived from modernization project.

TEA DIVISION

Industry Structure & Developments : India is the largest Black Tea producer in the world producing approximately 1,200 million kgs during the calendar year 2013. Despite strong consumption growth and low inventory, the market remained sluggish during the year particularly for low/medium quality tea.

Opportunities & Threats : The continuous promotional efforts and better marketing and brand building initiatives taken jointly by the Government/Tea Board including TRUSTEA program are likely to benefit the industry in the long term.

The unsymmetrical weather conditions and shortage of labour are the main threats to the industry.

Product-wise Performance : During the year under review, the production of Black Tea was higher as compared to previous year. Strong demand for quality tea persisted and the average realization of the tea sold by the Company was about 5% higher as compared to the previous year. The gist of performance of the division during the financial year 2013-2014 is as under:



MANAGEMENT DISCUSSION & ANALYSIS REPORT (Contd.)

Black Tea			
	Production (Lac Kgs.)	Sales (Lac Kgs.)	Average Realisation (₹ Per Kg.)
2013-14	21.97	21.11	194.03
2012-13	20.33	20.31	185.37
Change (%)	(+) 8.07%	(+) 3.94%	(+) 4.67%

Outlook : The current season has started with extremely drought like situation. Shortage of quality tea and increased consumption demand will have positive impact on the prices.

Risks & Concerns : Besides climatic conditions, global production, the strategy of bought leaf factories and shortage of labour during peak season also affect the fate of the Tea Industry.

Discussion on Financial Performance with respect to Operational Performance : The Company's steady progress in making quality teas having redeemable feature of attracting premium prices over medium and low quality teas is paying off, resulting into achieving satisfactory profitability.

Internal Control Systems and their Adequacy : The Company has laid down guidelines procedures and policies for better management control, which are periodically tested and supplemented by an extensive internal audit program. Significant findings are placed before the Audit Committee of the Board and the corrective measures are recommended for implementation. In the opinion of the management, the existing internal checks & controls are adequate.

Information regarding Human Resources/Industrial Relations : The relationships at both the Divisions were cordial with the employees throughout the year. The total numbers of manpower employed by the Textile and Tea Divisions as on 31st March, 2014 were 699 and 1366 respectively.

Cautionary Statement : The forward-looking statements and the views expressed in the Management Discussion and Analysis Report are based on certain assumptions. The actual results, performances or achievements may differ materially from those stated therein. The Company would not be held liable, in any manner, if the future turns out to be quite different, even materially.

Kolkata
Dated : 21st day of June, 2014

K P KHANDELWAL
Whole-time Director
DIN No. 00914834

For and on behalf of the Board
ADARSH KANORIA
Managing Director
DIN No. 00027290



REPORT ON CORPORATE GOVERNANCE

ANNEXURE - "B"

(Forming part of Directors' Report for the financial year ended 31st March, 2014)

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company follows the theme of changing in tune with times to continue the race without any major hurdle and attempts to cover all aspects of reporting in transparent and fair manner keeping the basic principles of good corporate governance.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving.

The Securities and Exchange Board of India (SEBI) has vide its Circular dated 17th April, 2014 has amended the Listing Agreement effective from 1st October, 2014 to bring in additional Corporate Governance Norms for Listed Companies in alignment with the provisions of the Companies Act, 2013. The Company has already adopted a number of amendments and is constantly working towards implementation of the changes.

2. BOARD OF DIRECTORS

Composition, Attendance & Information of other Directorships/Committee Memberships

The Board of Directors comprises of nine members consisting of three independent non-executive directors having experience in business, finance etc. The attendance during the financial year 2013-2014 and composition of the Board of Directors is as under :

Name of the Directors	Category of Director	No. of other Directorships ¹	No. of other Board Committee(s) ² in which he is		Attendance at last AGM held on 03.08.2013	Attendance at Board Meetings
			Member	Chairman		
Mr. Adarsh Kanoria ⁷	Promoter-Executive	6	—	—	Yes	5
Mr. Radhe Shyam Saraogi ³	Executive	—	—	—	No	—
Mr. Kailash Prasad Khandelwal ⁴	Executive	1	—	—	No	2
Mr. Golam Momen	Independent-Non-Executive	13	3	—	Yes	5
Mr. Dharendra Kumar	Independent-Non-Executive	10	1	—	Yes	5
Mr. Abhijit Datta	Independent-Non-Executive	4	—	2	No	4
Mr. Samveg A. Lalbhai ⁵	Non-Executive	9	—	—	Yes	1
Mr. Ashutosh Bhagat ⁶	Non-Executive	10	—	—	—	—
Mrs. Shubha Kanoria ^{6,7}	Non-Executive	3	—	—	—	—
Mr. Navin Nayar ⁶	Non-Executive	9	—	2	—	—

1 Also includes directorships other than Public Limited Companies.

2 Audit Committee & Shareholders/Investors Grievance Committees are considered.

3. Mr. Radhe Shyam Saraogi had resigned from the Board with effect from 1st January, 2014

4. Mr. Kailash Prasad Khandelwal was appointed by the Board on 9th November, 2013.

5. Mr. Samveg A. Lalbhai was designated as Non Executive Director with effect from 10th May, 2014.

6. Mr. Ashutosh Bhagat, Mrs. Shubha Kanoria and Mr. Navin Nayar were appointed by the Board on 10th May, 2014.

7. Mr. Adarsh Kanoria and Mrs. Shubha Kanoria are relatives.

Meetings of the Board

During the Financial Year 2013-2014, the Board of Directors met 5 (five) times on the following dates: 11.05.2013, 03.08.2013, 09.11.2013, 07.12.2013 and 08.02.2014.

Information about the Directors seeking appointment/re-appointment

(a) **Mr. Kailash Prasad Khandelwal**, (DIN No. 00914834) aged about 58 years is a Commerce Graduate with Honours. Mr. Khandelwal possesses an overall experience of over 40 years in the Tea Industry. Mr. Khandelwal is associated with the Company since its inception. He was posted as Chief Executive (Commercial) of the Company and has served the Company for a long time. Mr. Khandelwal does not hold any shares of the Company as on 31.03.2014. Mr. Khandelwal is not related with any of the Directors on the Board.

Mr. Khandelwal held the Directorships/Committee Memberships of the following other companies :



REPORT ON CORPORATE GOVERNANCE (Contd.)

Sl. No.	Name of the Company	Committee Membership*
1.	AKV Textiles Limited	—

*Audit Committee & Shareholders/Investors Grievance Committees are considered.

(b) **Mrs. Shubha Kanoria**, (DIN No. 00036489) aged about 47 years has done Bachelors Degree in Arts. She holds 4,49,216 shares of the Company as on 31.03.2014. She is on the Board of various Public and Private Companies. Mrs. Shubha Kanoria and Mr. Adarsh Kanoria are inter-related as they are husband and wife.

Mrs. Kanoria held the Directorships/Committee Memberships of the following other companies :

Sl. No.	Name of the Company	Committee Membership*
1.	Eskay Udyog Ltd.	—
2.	Samrat Industrial Resources Limited	—
3.	Kanoria Exports Pvt. Ltd.	—

* Audit Committee & Shareholders/Investors Grievance Committees are considered.

(c) **Mr. Navin Nayar**, (DIN No. 00136057) aged 52 years is a Commerce Graduate and a Fellow member of the Institute of Chartered Accountants of India. He is a senior partner of M/s Navin Nayar & Company, Chartered Accountants and has over 25 years of experience in the field of audit, taxation and financial services. Over the years of professional practice, he has handled several such matters on behalf of clients. He does not hold any shares of the Company. He is also associated with a number of Companies and serves on their Boards as an independent director. He is not related with any of the Directors on the Board.

Mr. Nayar held the Directorships/Committee Memberships of the following other companies :

Sl. No.	Name of the Company	Committee Membership*
1.	OCL Investment & Leasing Ltd.	—
2.	Cosmopolitan Investments Ltd.	—
3.	Crest Holdings Pvt. Ltd.	—
4.	Skyview Investments Pvt. Ltd.	—
5.	Amar Vanijya Ltd.	—
6.	Nidhi Private Ltd.	—
7.	Kanco Tea & Industries Ltd.	Audit Committee
8.	AKV Textiles Limited	—
9.	Cheviot Co. Ltd.	Audit Committee

*Audit Committee & Shareholders/Investors Grievance Committees are considered.

(d) **Mr. Ashutosh Bhagat**, (DIN No. 00059842) aged about 41 years is a Honours Graduate from St. Xaviers College, Kolkata. He is presently posted as Joint Chief Executive Officer of The Naihati Jute Mills Co. Ltd. He is also serving as the Deputy Chairman of Indian Jute Mills Association. He does not hold any shares of the Company. He is on the Board of various reputed Public and Private Companies. He possesses an experience of over 16 years. Mr. Bhagat is not related with any of the Directors on the Board.

Mr. Bhagat held the Directorships/Committee Memberships of the following other companies :

Sl. No.	Name of the Company	Committee Membership*
1.	Hamilton Poles Manufacturing Co. Ltd.	—
2.	Kirtivardhan Finvest Services Ltd.	—
3.	Ginni Securities Limited	—
4.	Narottamka Commercial Co. Pvt. Ltd.	—
5.	Vedant Farms Private Ltd.	—
6.	Ashutosh Spinners Pvt. Ltd.	—
7.	Loch Lomond Lodge Private Ltd.	—
8.	Lotus Enclave Pvt. Ltd.	—
9.	Indian Jute Mills Association	—
10.	Madhuwan Together Forever Club	—

* Audit Committee & Shareholders/Investors Grievance Committees are considered.



REPORT ON CORPORATE GOVERNANCE (Contd.)

(e) **Mr. Golam Momen**, (DIN No. 00402662) a Bachelor of Arts, aged about 81 years, retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Mr. Momen is a renowned veteran personality in the Tea Industry having vast knowledge and experience in tea plantation. Mr. Momen, a Non-Executive Independent Director, is on the Board of the Company since 05.12.1987 and holds 750 equity shares of the Company. Mr. Momen is not related with any of the Directors on the Board.

Mr. Momen also holds the Directorships/Committee Memberships of the following other companies :

Sl. No.	Name of the Company	Committee Membership*
1.	Williamson Magor & Company Limited	Shareholders/Investors Grievance Committee
2.	Baghmari Tea Company Ltd.	—
3.	DIGJAM Limited	Audit Committee
4.	Dover Tea (Private) Limited	—
5.	Apeejay Surendra Corporate Services Ltd.	—
6.	Harrisons Malayalam Limited	—
7.	Kanco Tea & Industries Ltd.	—
8.	Scottish Assam (India) Limited	Audit Committee
9.	White Cliff Holdings (Private) Limited	—
10.	White Cliff Properties (Private) Limited	—
11.	White Cliff Tea (Private) Limited	—
12.	White Cliff Construction Co. Pvt. Limited	—
13.	White Cliff Infrastructure Pvt. Limited	—

* Audit Committee & Shareholders/Investors Grievance Committees are considered.

(f) **Mr. Dharendra Kumar**, (DIN No. 00153773) B.E. (Mech) from New York University, aged about 71 years, has vast experience in the business of Tea and is an eminent personality of Tea Industry. Mr. Kumar is associated with a number of Chambers/Organisations, including Tea Association of India, Indian Tea Association, Calcutta Tea Traders Association, Bharat Chamber of Commerce etc. Mr. Kumar has also held the position of president of Bharat Chamber of Commerce and Tea Association of India. Mr. Kumar an Independent Non-Executive Director, is on the Board of the Company since 13.08.2003. He does not hold any share of the Company and is not related to any Directors of the Company.

Mr. Dharendra Kumar also holds the Directorships/Committee Memberships of the following other companies :

Sl. No.	Name of the Company	Committee Membership*
1.	R. D. Tea Limited	—
2.	SIVPL Products Pvt. Ltd.	—
3.	The Scottish Assam (India) Limited	—
4.	Contemporary Polysacks Limited	—
5.	Rukong Tea Estate Pvt. Limited	—
6.	SPBP Tea Plantation Limited	—
7.	Shwetambra Investment & Trading Pvt. Ltd.	—
8.	Rosebud Commercial Company Pvt. Ltd.	—
9.	J.K.Paper Limited	Audit Committee
10.	Park Tower Services Private Limited	—

* Audit Committee & Shareholders/Investors Grievance Committees are considered

(g) **Mr. Abhijit Datta**, (DIN No. 00790029) born on 1st June, 1949 and completed his graduation and Post-Graduation in Economics from Calcutta University. Afterwards, completed both parts of certified Indian Institute of Bankers Examination, he joined State Bank of India as Probationary Officer in the year 1972 and retired from the Bank on 31st May, 2009. During his tenure of 37 years of service in State Bank of India, he was responsible in various executive positions. He also worked in various capacities in credit, compliance, NRI Services in Los Angeles office of the Bank for around 5 years. He was also responsible as Head Capital Markets of the Bank for some time and then posted as Deputy Managing Director and Corporate Development Officer in Corporate Office in Mumbai. He does not hold any share of the Company. Mr. Datta is not related with any of the Directors on the Board.

Mr. Datta also holds the Directorships/Committee Memberships of the following other companies :



REPORT ON CORPORATE GOVERNANCE (Contd.)

Sl. No.	Name of the Company	Committee Membership*
1.	Cable Corporation of India Ltd.	Audit Committee
2.	Hubtown Ltd.	Audit Committee
3.	Emami Infrastructure Ltd.	—
4.	Zandu Reality Ltd.	—

* Audit Committee & Shareholders/Investors Grievance Committee are considered.

(h) **Mr. Adarsh Kanoria**, (DIN No. 00027290) aged about 47 years, has vast experience in the field of Tea & Textiles. Mr. Kanoria, Managing Director of the Company is a Commerce Graduate with Honours and did a Diploma in case studies from Harvard Business School, U.S.A. He has over 26 years experience in Tea and Textile business. He is a reputed industrialist in Eastern India. He is the Senior Vice President of Tea Association of India. He is a Director on the Board of the Cotton Textiles Export Promotion Council and also a Committee Member of Confederation of Indian Textile Industry and Indian Chamber of Commerce. Mr. Adarsh Kanoria and Mrs. Shubha Kanoria are inter-related as they are husband and wife. Mr. Kanoria held the Directorships/Committee Memberships of the following other companies :

Sl. No.	Name of the Company	Committee Membership*
1.	Ambalika Commerce Pvt. Ltd.	—
2.	Eskay Udyog Ltd.	—
3.	Kanoria Exports Pvt. Ltd.	—
4.	Rydak Enterprises & Investment Ltd.	—
5.	AKV Textiles Limited	—
6.	The Cotton Textiles Export Promotion Council	—

* Audit Committee & Shareholders/Investors Grievance Committee are considered.

3. AUDIT COMMITTEE

The Audit Committee comprises of 4 (four) non-executive Directors of whom the Chairman and 2 (two) members are independent Directors and 1 Member is a Non-executive Director. The committee has been meeting at regular intervals. The Chairman and the members of the Audit Committee have in-depth knowledge in the areas of Finance and Accounts.

Terms of Reference

The role and power of the Audit Committee includes :

1. Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to :
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transaction.
 - g) Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the Company with related parties.
9. Scrutiny of inter-corporate loans and investments.



REPORT ON CORPORATE GOVERNANCE (Contd.)

10. Valuation of undertakings or assets of the Company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors of any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
18. To review the functioning of the Vigil mechanism.
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To investigate any activity within its terms of reference.
22. To seek information from any employee.
23. To obtain outside legal or other professional advice.
24. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Composition, Meetings & Attendance

Name of the Members	Category of Directors	No.of Meetings attended	Dates on which Meetings held
Mr. Abhijit Datta - Chairman	Independent & Non-Executive	3	11.05.2013
Mr. Golam Momen	Independent & Non-Executive	4	03.08.2013
Mr. Dharendra Kumar	Independent & Non-Executive	4	09.11.2013
Mr. Samveg A. Lalbhai	Non-Executive	1	08.02.2014

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Whole-time Director, Chief Financial Officer, Statutory Auditors and Internal Auditors are invited for the meetings.

4. NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference

The Company has a Nomination and Remuneration Committee constituted to approve and determine the policy of the Company on specific remuneration packages. The role of committee includes.

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Composition, Meeting & Attendance

Name of the Members	Category of Director	Date on which Meeting held
Mr. Dharendra Kumar – Chairman	Independent & Non-Executive	The meeting of Remuneration Committee was held on 07.12.2013
Mr. Golam Momen	Independent & Non-Executive	
Mr. Abhijit Datta	Independent & Non-Executive	
Mr. Samveg A. Lalbhai	Non-Executive	

Remuneration Policy

The Non-Executive Directors were being remunerated by way of sitting fees of ₹ 10,000/- for attending each meeting of Board and ₹ 5,000/- for attending other Committee Meetings. The same has been revised by the Board of Directors vide Board Meeting dated 8th February, 2014 and increased to ₹ 20,000/- for Board Meeting and ₹ 10,000/- for other Committee Meetings. The Executive Directors are not paid any sitting fees. The Remuneration policy of the Company has been adopted by the Board on 10th May, 2014.

Remuneration to Directors paid during the financial year 2013-2014 and other disclosures :

Name of the Directors	Salary (₹)	Benefits (₹)	Contribution to PF Gratuity, and other funds (₹)	Commission Paid (₹)	Meeting Fees (₹)	Service Contract/ Tenure	Notice Period	Number of Shares held
Mr. Adarsh Kanoria	34,50,000/-	8,28,071/-	12,07,269/-	40,02,123/-	—	01.01.2014 to 31.12.2016	3 Months*	536137
Mr. Radhe Shyam Saraogi**	9,00,000/-	4,01,809/-	3,00,692/-	—	—	01.01.2011 to 31.12.2013	3 Months*	—
Mr. Kailash Prasad Khandelwal	4,05,000/-	1,03,303/-	3,77,446/-	—	10,000/- #	01.01.2014 to 31.12.2016	3 Months*	—
Mr. Golam Momen	—	—	—	1,00,000/-	80,000/-	N.A.	N.A.	750
Mr. Abhijit Datta	—	—	—	1,00,000/-	65,000/-	N.A.	N.A.	—
Mr. Dharendra Kumar	—	—	—	1,00,000/-	80,000/-	N.A.	N.A.	—
Mr. Samveg A. Lalbhai	—	—	—	1,00,000/-	15,000/-	N.A.	N.A.	—
Mr. Ashutosh Bhagat##	—	—	—	—	—	N.A.	N.A.	—
Mrs. Shubha Kanoria##	—	—	—	—	—	N.A.	N.A.	449216
Mr. Navin Nayar###	—	—	—	—	—	N.A.	N.A.	—

* Subject to discretion of Board to agree to shorter notice.

** Mr. Radhe Shyam Saraogi had resigned from the Board with effect from 1st January, 2014.

Mr. Kailash Prakash Khandelwal was appointed by the Board of 9th November, 2013.

Mr. Ashutosh Bhagat, Mrs. Shubha Kanoria and Mr. Navin Nayar were appointed by the Board on 10th May, 2014.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee is being headed by Mr. Golam Momen, an Independent Non-Executive Director of the Company and 2 (two) members are independent Directors and 1 Member is a Executive Director. Mrs. Sunita Shah, Company Secretary, is the Compliance Officer of the Company. This Committee considers and resolves the grievances of security holders of the Company. The Company received 2(two) complaints during the financial year 2013-2014 which were resolved/replied to the satisfaction of the shareholders and the Regulatory authorities within due time. No complaint was pending as on 31st March, 2014.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Composition of the Committee

Name of the Members	Category of Director
Mr. Golam Momen-Chairman	Independent & Non-Executive
Mr. Dharendra Kumar	Independent & Non-Executive
Mr. Abhijit Datta	Independent & Non-Executive
Mr. Adarsh Kanoria	Executive

6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 effective from 1st April, 2014 the Company was required to constitute a Corporate Social Responsibility (CSR) Committee of the Board. The Company has formed a CSR Committee vide Board Meeting dated 10th May, 2014. The composition of the CSR Committee is as follows :

Composition of the Committee

Name of the Members	Category of Director
Mr. Adarsh Kanoria - Chairman	Executive
Mr. Dharendra Kumar	Independent & Non-Executive
Mr. Golam Momen	Independent & Non-Executive

Terms of Reference

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII.
- To recommend the amount of expenditure to be incurred on the CSR activities.
- To monitor the Corporate Social Responsibility Policy of the Company from time to time.

7. GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGMs) are as under :

	Date of Meeting	Venue	Time
28th AGM	06.08.2011	Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017	10.30 A.M.
29th AGM	11.08.2012	Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017	10.30 A.M.
30th AGM	03.08.2013	Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017	10.30 A.M.

No Special Resolution was proposed in 28th, 29th and 30th AGM. No Special Resolution was put through Postal Ballot in the last year.

8. DISCLOSURES

During the year under review, the Company had not entered into any materially significant transaction with any related party that may have potential conflict with the interests of the Company at large. The transactions with related parties, in normal course of business, have been disclosed separately in the Notes on Accounts.

No penalties, strictures have been imposed by any Stock Exchange, SEBI and/or any other statutory authority, on any matter related to capital markets, during last three years.

The Company has formed a Vigil Mechanism as per the Provisions of the Companies Act, 2013 vide Board Meeting dated 10th May, 2014 the details of which are available on the Company Website: www.bengaltea.com. Although, the Company had not formulated Whistle Blower policy prior to this date, being a non-mandatory requirement but no personnel has been denied access to the senior management/audit committee.

The Company has dissolved its Project Monitoring Committee vide Board Meeting dated 8th February, 2014 since the Project for which the Committee was constituted had been completed and there was no business to be transacted.



REPORT ON CORPORATE GOVERNANCE (Contd.)

The details of compliance with mandatory requirements and adoption of the non-mandatory requirements of the Clause 49 of the Listing Agreement, as applicable during the financial year ended 31st March, 2014, are as under :

Mandatory requirements

Sl No.	Particulars of Compliance applicable in respect of following matters	Compliance Status	Remarks, if any
I	Board of Directors	Yes	
II	Audit Committee	Yes	
III	Subsidiary Companies	Not Applicable	The Company has no Subsidiary
IV	Disclosure requirements	Yes	
V	CEO / CFO Certification	Yes	
VI	Report on Corporate Governance	Yes	
VII	Compliance	Yes	

Non-Mandatory requirements adopted by the Company

- The Board has constituted Nomination & Remuneration Committee, comprising of three Independent Non-Executive Directors and one Non-Executive Director to determine remuneration of Executive Directors.
- The Financial Statements are free from any Audit Qualifications.

9. MEANS OF COMMUNICATION

The quarterly results of the Company are generally published in "Business Standard", and "Arthik Lipi" and displayed on the website of the Company namely www.bengaltea.com. During the year under review, the official news had also been displayed on the website but no presentation was made to institutional investors or analysts.

10. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting	:	Date	:	Saturday, 9th August, 2014
		Time	:	10.30 A.M.
		Venue	:	Kalakunj, 48, Shakespeare Sarani, Kolkata 700 017
Financial Year	:	1st April, 2013 to 31st March, 2014		
Date of Book Closure	:	2nd August, 2014 to 9th August, 2014 (Both days inclusive)		
Dividend Payment Date	:	After 9th August, 2014 but before 8th September 2014, if approved at AGM.		

Listing on Stock Exchanges & Stock Code

BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001 (Stock Code - 532230)

The Company has paid the listing fees for the financial year 2014-2015.

Market Price Data and Number of Shares traded at BSE Ltd during the Financial Year 2013-2014

	April	May	June	July	August	September	October	November	December	January	February	March
High	26.50	27.95	27.00	25.45	25.40	26.15	30.00	37.15	38.85	41.95	39.00	43.95
Low	21.65	23.00	21.25	21.20	20.35	22.90	24.75	28.55	32.00	35.00	29.00	28.45
Volume	14708	16062	19054	3998	19304	24708	33679	62881	24607	39216	36015	787734

Performance in comparison to broad based indices

	31.03.2014	31.03.2013	Change (%)
Share Prices of BTFL (₹)	39.75	25.20	(+) 57.74%
V/s BSE Sensex	22386.27	18835.77	(+) 18.85%

Registrar & Share Transfer Agents : C. B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata 700 019
Tel No.: 033-4011-6700/16/17/23/28 ; Fax No. 033-4011-6739
E-mail : rta@cbmsl.com

Share Transfer System : The Transfer of Shares is effected by the Registrars after necessary approval. The process of Share Transfer generally takes 2 weeks.



REPORT ON CORPORATE GOVERNANCE (Contd.)

Distribution of Shareholding as on 31st March, 2014

Sl.No.	Category of Shareholders (No. of Shares Held)	No. of Shareholders	Percentage of Shareholders	No. of Shares Held	Percentage of Holding
1	Upto 50	10561	76.63	4,98,059	5.53
2	51-100	1338	9.71	1,26,256	1.40
3	101-500	1359	9.86	3,65,257	4.06
4	501-1000	259	1.88	2,11,611	2.35
5	1001-2000	139	1.00	2,10,220	2.33
6	2001-3000	43	0.31	1,08,719	1.21
7	3001-4000	16	0.12	55,239	0.61
8	4001-5000	16	0.12	74,554	0.83
9	5001-10000	18	0.13	1,27,615	1.42
10	10001 & above	33	0.24	72,28,455	80.26
	Total	13782	100.00	90,05,985	100.00

Shareholding Pattern as on 31st March, 2014

Sl No.	Category	Number of Shares held	Percentage of Shareholding
1	Promoters	66,08,712	73.38%
2	Institutional Investors (Financial Institutions, Insurance Companies, Banks, Mutual Funds etc)	83,561	0.93%
3	Body Corporates (other than above)	1,58,915	1.77%
4	Resident Public	20,79,324	23.08%
5	NRIs' / Foreign Nationals	14,217	0.16%
6	The Official Trustee of West Bengal	11,520	0.13%
7	Clearing Members	49,736	0.55%
	Total	90,05,985	100.00%

Dematerialisation & Liquidity of Shares : The equity shares of the Company are under the list of "compulsorily delivery in dematerialised form by all investors" and the ISIN allotted by NSDL and CDSL is INE665D01016. About 93.38% of the total equity shares have been dematerialised upto 31st day of March, 2014. The shares are regularly traded at BSE.

Outstanding GDR/ADR/Warrants or any Convertible Instruments

: Nil

Plant Locations

: Ananda Tea Estate, North Lakhimpur, Assam 787 056
Asarwa Mills, Asarwa Road, Ahmedabad 380 016

Address for Correspondence

: Share-related queries/correspondences
Registrar & Share Transfer Agents – Address as above
OR

The Company Secretary,
Bengal Tea & Fabrics Limited
Century Towers, 4th Floor, 45, Shakespeare Sarani, Kolkata 700 017
Telefax Nos.: 2283-6416/17, E-mail : investor@bengaltea.com
Website: www.bengaltea.com

For and on behalf of the Board

Kolkata

Dated : 21st day of June, 2014

K P KHANDELWAL
Whole time Director
(DIN No. 00914834)

ADARSH KANORIA
Managing Director
(DIN No. 00027290)



REPORT ON CORPORATE GOVERNANCE (Contd.)

DECLARATION

I hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company.

Kolkata
Dated : 21st day of June, 2014

For Bengal Tea & Fabrics Limited

ADARSH KANORIA
Managing Director
(DIN No. 00027290)

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF BENGAL TEA & FABRICS LIMITED

We have examined the compliance of conditions of Corporate Governance by BENGAL TEA & FABRICS LIMITED ("the Company") for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

P-21/22, Radhabazar Street
Kolkata 700 001
Dated : 21st day of June, 2014

For JAIN & CO.
Chartered Accountants
Registration No. 302023E
M. K. JAIN
Partner
Membership No. 055048

ANNEXURE - "C"

PARTICULARS OF EMPLOYEES AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEE) RULES, 1975, AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2014

Sl No.	Name	Age (years)	Designation/ Nature of Duties	Remuneration (₹)	Qualification	Experience (years)	Date of commencement of employment	Last Employment
A) Employed throughout the financial year and in receipt of remuneration aggregating ₹ 60,00,000 per annum or more								
1	Mr. Adarsh Kanoria	47	Managing Director, Management (subject to control, direction and superintendence of Board of Directors)	94,87,463/-	B. Com, Diploma in case studies from Harvard Business School, U.S.A.	26	01.01.1992	—

Notes:

- Remuneration includes Salary, Commission, Medical Insurance Premium, Personal Accident Insurance Premium, Contribution to Provident Fund and Gratuity Fund and Taxable Value of Perquisites.
- The above appointment is contractual.

Kolkata
Dated : 21st day of June, 2014

K P KHANDELWAL
Whole time Director
(DIN No. 00914834)

For and on behalf of the Board

ADARSH KANORIA
Managing Director
(DIN No. 00027290)



ANNEXURE - "D"

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2014

CONSERVATION OF ENERGY

Energy Conservation measures taken :

The Company has taken following steps to conserve the energy :

- The Company have replaced 4" dia pipe line of submersible pump by 6" dia pipe line. The higher dia of pipe line have enhanced the smooth flow of water resulting into lesser consumption of power.
- The Company have also replaced 50 HP submersible pump by 40 HP submersible SS pump. Consequently this has reduced power consumption resulting in saving of energy.
- The Company has installed 2 Nos Coal Saver Equipment to control feeding of Coal and Air in the Heater to maintain temperature and save energy.

Pollution Control

- The Company have installed rotary air filter in H Plant which will dispose clean air to the environment.

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

FORM-A

Particulars with respect to Conservation of Energy

(A) POWER & FUEL CONSUMPTION	TEA		TEXTILE	
	Current year	Previous year	Current year	Previous year
1. Electricity				
(a) Purchased (Units)	10,49,125	8,43,080	3,66,06,654	3,45,18,936
Total Amount (₹ in Lacs)	77	67	1,908	2,136
Rate/Unit (₹)	7.41	8.00	5.21	6.19
(b) Own Generation				
Through Diesel (Units)	4,18,557	5,06,018	—	—
Unit per ltr. of Diesel	3.60	3.49	—	—
Cost/Unit (₹)	14.34	12.38	—	—
2. Coal (Specify quality and where used)				
Quantity (Tonnes)	1,353	1,423	11,253	9,321
Total Cost (₹ in Lacs)	142	117	486	381
Average Rate (₹)	10,502	8,238	4,316	4,089
Quality : Steam Coal (5200-5500) kilo calories/kg. Ash-6-8%				
Burnable Wood : (1000-1200) kilo calories/kg. Ash-20%				
Used in boiler for processing of Yarn and fabric				

(B) CONSUMPTION PER UNIT OF PRODUCTION	Unit	Current year	Previous year
(i) Black Tea			
Electricity	Kg.	0.67	0.66
Coal (Quality as above)	Unit	0.62	0.70
(ii) Yarn			
Electricity	Kg.	5.06	4.26
Coal	Unit	0.40	0.43
(iii) Cloth			
Electricity	Kgs.	1.06	1.04
Coal	Mtr.	0.90	0.88

FORM-B

RESEARCH & DEVELOPMENT (R & D)

	TEA	TEXTILE
(1) Specific areas in which R & D carried out by the Company	The Division subscribes to Tea Research Association which is registered U/s 35(1)(ii) of the Income Tax Act, 1961.	<ol style="list-style-type: none"> Installation of 4 nos of New LMW LR9AX Ringframe of 1200 spdls each (total 4800 spdls) with Auto doffing system and automatic waste collection system to increase productivity and quality of yarn. Installation of new Humidification Plant with inverter driven pump and linear diffuser for LR9AX Ringframes with Rotary filter for return air system. 4 nos of Elgi make Over Head Travelling Cleaners (OHTC) with centralized waste collection system were installed on LR9AX Ringframes. Installation of Bhatt Bros make 2 nos. of Electronic JT-10 Bleaching Machines and 4 nos. of Dyeing Jigger Machines in the fabric processing department.



(2) Benefits derived as a result of the above R & D	The Division benefits from the suggestions received from the Association out of R & D activities.	(a) By installing Ringframe with Autodoffing system we have reduced substantial nos of manpower. Also Autodoffing gives higher efficiency. (b) The new type Humidification plant will help to maintain appropriate Temperature and RH% in the Ringframe section with supply of fresh air through linear diffuser and inverter controlled pumps will give power saving and proper RH%. The rotary air filter will supply clean air to air washer and also dispose clean air to the atmosphere. (c) The OHTC will keep drafting zone and spindle area clean and will prevent any fluff deposition in drafting zone and improve yarn quality. (d) By adding 2 nos. of JT-10 machine in bleaching section and 4 nos. of Dyeing Jiggers Machines, fabric processing capacity has increased by 15%.	
(3) Future plan of action	The Division wishes to continue the membership of Tea Research Association.	(a) We will install 4 nos of LR9AX ringframes with Auto doffing System having 1200 spindles each replacing old LMW ringframes with manual doffing. (b) The existing second Humidification plant 4 nos ringframes will be replaced by new Humidification plant having rotary air filter, inverter driven pump and linear diffusers. (c) 2 nos of new speed frames LF 4200A will be installed by replacing old LF 1400A Speed Frames of 200 spindles each. (d) 2 nos of TC 5/3 Cards will be installed to reduce carding speed thereby improving silver (output of card) and quality of finished yarn. (e) We shall install one no. Uster AFIS Pro 2 Single Fibre Testing Machine for better process control thereby reducing waste and improving quality.	
(4) Expenditure on R & D		2013-2014	2012-2013
(a) Capital (₹)	Nil	22,69,501	-
(b) Recurring (₹)	Nil	21,67,322	23,17,163
(c) Total (₹)	Nil	44,36,823	23,17,163
(d) Total R & D Expenditure as a percentage of total turnover	Nil	0.21%	0.13%

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

		TEA	TEXTILE
1.	Efforts, in brief, made towards technology absorption, adaptation & innovation.	Not applicable	(a) Installation of 4 Auto Doffing Ringframes LR9AX total 4800 spindles. (b) Installation of 4 OHTC for Ringframes. (c) Installation of new Humidification Plant for 4 Ringframes. (d) Installation of 2 JT-10 Bleaching machines and 4 Dyeing Jiggers in the fabric processing department.
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development	Not applicable	(a) Rationalisation of work force and increase in productivity and better product quality. (b) Higher productivity and production in fabric processing. (c) Better House-Keeping (d) Better working atmosphere in the department by maintaining proper temperature and Relative Humidity (RH)%
3.	Information regarding Technology imported during last 5 years	Not applicable	Not applicable

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year 2013-2014, the Company had contributed about ₹ 3,950 Lacs (net of outgo) to the exchequer in the form of valuable foreign exchange money. (Amount in ₹ Lacs)

	2013-2014	2012-2013
1. Foreign Exchange Earnings	4,131	3,638
2. Foreign Exchange Outgo	181	704

Kolkata

Dated : 21st day of June, 2014

K P KHANDELWAL
Whole time Director
(DIN No. 00914834)

For and on behalf of the Board
ADARSH KANORIA
Managing Director
(DIN No. 00027290)



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BENGAL TEA & FABRICS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of BENGAL TEA & FABRICS LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss and 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 Standards notified under the Companies Act, 1956 ("the Act") read with 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 Company'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.

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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;
 - bb) the report on the accounts of the branch office audited under Section 228 by a person other than the Company's auditor has been forwarded to us as required by clause (c) of sub-section (3) of Section 228 and have been dealt with in preparing our report in the manner considered necessary by us;
 - 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 notified under the Companies Act, 1956, read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Company Affairs in respect of Section 133 of the Companies Act, 2013;
 - e) on the basis of written representations received from the directors as on March 31, 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 JAIN & CO.

Chartered Accountants
Registration No. 302023E

M. K. JAIN
Partner

Membership No. 055048

P-21/22, Radha Bazar Street
Kolkata 700 001
Dated : 10th day of May, 2014



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT OF EVEN DATE :

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
c) In our opinion and according to the information and explanations given to us, substantial part of fixed asset has not been disposed off during the year and therefore does not affect the going concern assumption.
2. a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
b) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses iii(f) & iii(g) are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business, for the purchase of inventories, fixed assets and with regards to sale of goods and services. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management we are of the opinion that there were no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956. Thus, clauses v (a) and v (b) are not applicable to the Company.
6. The Company has not accepted deposits from the public covered within the meaning of Sections 58A and 58AA or any other relevant provisions of the Act and rules framed thereunder.
7. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
8. As per information & explanation given by the management, maintenance of cost records has been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities.
b) According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2014 for a period of more than six months from the date they became payable.



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

- c) According to the information and explanations given to us and on the basis of the documents and records the disputed statutory dues which have not been deposited with the appropriate authorities are as under :

Sl. No.	Name of Statute	Nature of Dues	Financial year to which the matter pertains	Amount in ₹ (lacs)	Forum where dispute is pending
1	Employees State Insurance	E.S.I. Contribution	2004-05	1.86*	High Court, Ahmedabad
2	Employees State Insurance	E.S.I. Contribution	2005-06 & 2006-07	1.04	Industrial Court, Ahmedabad
			2006-07	0.74	

* ₹ 1.86 Lacs have been deposited with E.S.I. Authority under protest.

10. The Company does not have any accumulated losses as at 31st March, 2014 and has not incurred cash losses in the financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to financial institutions and banks.
12. According to the information and explanations given 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 Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
14. According to information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
16. Based on our audit procedures and on the information given by the management, we report that the Company has applied the money received as term loans during the year for the purposes for which they were obtained, other than temporary deployment pending application.
17. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debenture and hence no securities have been created.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

P-21/22, Radha Bazar Street
Kolkata 700 001
Dated : 10th day of May, 2014

For JAIN & CO.
Chartered Accountants
Registration No. 302023E
M. K. JAIN
Partner
Membership No. 055048

**BALANCE SHEET as at 31st March, 2014**

(Amount in ₹ Lacs)

	Notes	As at 31st March, 2014		As at 31st March, 2013	
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	901		901	
Reserves & Surplus	2	5757	6658	4727	5628
Non-Current Liabilities					
Long Term Borrowings	3	3722		5260	
Deferred Tax Liabilities (Net)	4	558		38	
Other Long Term Liabilities	5	4		4	
Long Term Provisions	6	79	4363	70	5372
Current Liabilities					
Short Term Borrowings	7	3420		2881	
Trade Payables	8	889		661	
Other Current Liabilities	9	2030		1621	
Short Term Provisions	10	275	6614	138	5301
	TOTAL		17635		16301
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	11	9167		9763	
Intangible Assets	12	5		7	
		9172		9770	
Capital Work-in-Progress		168	9340	7	9777
Non-Current Investments	13		196		—
Long Term Loans and Advances	14		873		520
Other Non-Current Assets	15		38		44
Total Non-Current Assets			10447		10341
Current Assets					
Current Investments	16	542		—	
Inventories	17	3843		3291	
Trade Receivables	18	1467		1168	
Cash and Bank Balances	19	78		519	
Short Term Loans and Advances	20	962		771	
Other Current Assets	21	296	7188	211	5960
	TOTAL		17635		16301
Other Notes to Financial Statements	31				

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

As per our report of even date.

For JAIN & CO.

Chartered Accountants

Firm Registration No.302023E

M. K. JAIN

Partner

(Membership No. 055048)

P-21/22, Radhabazar Street

Kolkata 700 001

Dated : 10th day of May, 2014

A. KANORIA *Managing Director*

K. P. KHANDELWAL *Whole-time Director*

S. SHAH *Company Secretary*



STATEMENT OF PROFIT & LOSS for the year ended 31st March, 2014

	Notes	For the year ended 31st March, 2014		(Amount in ₹ Lacs) For the year ended 31st March, 2013	
Revenue from Operations	22	25267		21977	
Less: Excise Duty		11	25256	11	21966
Other Income	23		383		494
TOTAL REVENUE			25639		22460
EXPENSES					
Cost of Material Consumed	24		13316		9764
Purchase of Stock-in-Trade	25		43		665
Changes in inventories of Finished goods, Work-in-progress and Stock-in-Trade	26		(655)		437
Employee Benefits Expense	27		2874		2592
Finance Cost	28		781		943
Depreciation and Amortization Expenses	29	1204		1027	
Less : Transferred to Revaluation Reserve		12	1192	14	1013
Other Expenses	30		6213		5842
TOTAL EXPENSES			23764		21256
Profit before exceptional item and Tax			1875		1204
Less : Exceptional item			—		—
Profit before Tax			1875		1204
Tax Expense					
Current Tax		403		265	
Less : MAT Credit Entitlement		301	102	166	99
Short Provision of Taxation for earlier year *			—		—
Deferred Tax Provision/(Written Back)			520		(41)
Profit for the year after Tax			1253		1146
Earnings per Equity Share (Basic & Diluted) (in ₹)			13.91		12.72
Nominal Value ₹ 10/- per share	31(J)				
(Previous Year ₹ 10/-)					
* Below rounding off norms adopted by the Company					
Other Notes to Financial Statements	31				

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

As per our report of even date.

For JAIN & CO.

Chartered Accountants

Firm Registration No.302023E

M. K. JAIN

Partner

(Membership No. 055048)

P-21/22, Radhabazar Street

Kolkata 700 001

Dated : 10th day of May, 2014

A. KANORIA *Managing Director*

K. P. KHANDELWAL *Whole-time Director*

S. SHAH *Company Secretary*



CASH FLOW STATEMENT for the year ended 31st March, 2014

	For the year ended 31st March, 2014	(Amount in ₹ Lacs) For the year ended 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax & Extraordinary items	1875	1204
Amount written off against Leasehold Land *	—	—
Wealth Tax Provision	1	1
Finance Cost	781	943
Depreciation	1192	1013
Interest Received	(13)	(11)
Rent Received	(39)	(59)
Dividend Received	(51)	—
Profit on Fixed Assets sold/discarded (Net)	(40)	(126)
Net Loss/(Gain) on sale of Investments	19	(169)
Operating Profit/ (Loss) before Working Capital Changes	3725	2796
ADJUSTMENT FOR :		
Increase in Trade Receivables	(299)	(172)
Increase in other Current /Non-Current Assets	(322)	(127)
Increase in Inventories	(552)	(952)
Increase/(Decrease) in Trade Payables	228	(392)
Increase in Other Current/Non-Current Liabilities	449	118
Cash Generated from Operations	3229	1271
Income Tax Paid (Net)	(422)	(216)
Net Cash Flow from Operating Activities	2807	1055
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(823)	(2416)
Sale of Fixed Assets	96	183
Purchase of Investments	(2365)	(645)
Sale of Investments	1608	1537
Interest Received	13	11
Rent Received	39	59
Dividend Received	51	—
Net Cash used in Investing Activities	(1381)	(1271)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Short Term Borrowings from Banks	539	640
Decrease/(Increase) in Long Term Borrowings	(1538)	578
Finance Cost	(781)	(943)
Dividend Paid	(90)	—
Dividend Distribution Tax paid	(15)	—
Net Cash used in Financing Activities	(1885)	275
Net Decrease/(Increase) in Cash and Cash Equivalents	(459)	59
Cash and Cash Equivalents at the beginning of the year	504	445
Cash and Cash Equivalents at the end of the year	45	504

* Below rounding off norms adopted by the Company

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard 3 - on Cash Flow Statement referred to in The Companies (Accounting Standards) Rules, 2006.
- Cash and Cash Equivalents includes other bank balances also.
- Previous Year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date.

For JAIN & CO.

Chartered Accountants

Firm Registration No.302023E

M. K. JAIN

Partner

(Membership No. 055048)

P-21/22, Radhabazar Street

Kolkata 700 001

Dated : 10th day of May, 2014

A. KANORIA *Managing Director*

K. P. KHANDELWAL *Whole-time Director*

S. SHAH *Company Secretary*



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(Amount in ₹ Lacs)

NOTE NO. "1"	As at	As at		
SHARE CAPITAL	31st March, 2014	31st March, 2013		
a) Details of Authorised, Issued, Subscribed and Fully Paid up Shares				
Authorised				
1,50,00,000 (Previous Year 1,50,00,000) Equity Shares of ₹ 10/- each	1500	1500		
5,00,000 (Previous Year 5,00,000) Redeemable Preference Shares of ₹ 100/- each	500	500		
	<u>2000</u>	<u>2000</u>		
Issued, Subscribed and Fully Paid up				
90,05,985 (Previous Year 90,05,985) Equity Shares of ₹ 10/- each fully paid up	901	901		
Add : Amount received on Forfeited Shares*	—	—		
* Below rounding off norms adopted by the Company	<u>901</u>	<u>901</u>		
b) Reconciliation of Paid up Share Capital				
	2013-2014		2012-2013	
Equity Share Capital	No. of shares	Amount	No. of shares	Amount
Equity Shares of ₹ 10/- each outstanding at the beginning of the year	90,05,985	901	90,05,985	901
Equity Shares of ₹ 10/- each outstanding at the end of the year	<u>90,05,985</u>	<u>901</u>	<u>90,05,985</u>	<u>901</u>

c) Shares held by Shareholders holding more than 5% Shares of the Company

Name of the Shareholders	As on 31.03.2014		As on 31.03.2013	
	No. of Shares held	%	No. of Shares held	%
M/s Samrat Industrial Resources Limited	20,83,518	23.13	20,83,518	23.13
M/s Rydak Enterprises & Investment Limited	18,06,720	20.06	18,06,720	20.06
M/s Eskay Udyog Limited	11,70,632	13.00	11,70,632	13.00
Mr. Adarsh Kanoria	5,36,137	5.95	5,36,137	5.95

d) Rights, Preferences and Restrictions attached to Shares

Equity Shares :

The Company has one class of shares referred to as equity shares having a par value of ₹ 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

Dividend :

The Board has recommended a Dividend of ₹ 2/- per Equity Share on the face value of ₹ 10/- each being 20% for the year ended 31st March, 2014.

NOTE NO. "2"	As at	As at
RESERVES AND SURPLUS	31st March, 2014	31st March, 2013
Securities Premium Reserve	301	301
Revaluation Reserve		
Opening Balance	428	442
Less: Adjustment for depreciation on revalued assets	12	14
Less: Adjustment on sale of assets *	2	—
	<u>414</u>	<u>428</u>
General Reserve		
Opening Balance	2724	2724
Transferred From surplus in Statement of Profit & Loss	100	—
Transferred From Revaluation Reserve *	2	—
	<u>2826</u>	<u>2724</u>
Surplus in Statement of Profit & Loss		
Opening Balance	1274	233
Profit for the year after Tax	1253	1146
Transfer to General Reserve	(100)	—
Proposed Dividend	(180)	(90)
Tax on Proposed Dividend	(31)	(15)
	<u>2216</u>	<u>1274</u>
	<u>5757</u>	<u>4727</u>

* Below rounding off norms adopted by the Company



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Lacs)

NOTE NO. "3" LONG TERM BORROWINGS Secured	As at 31st March, 2014	As at 31st March, 2013
Term Loans :		
From Banks	3722	5260
(excluding payable within one year)		
	3722	5260

a) Nature of Security

Term Loans from Banks are secured by:

- i) First charge over all immovable properties both present and future ranking pari passu inter se and hypothecation of all movable properties both present and future (save and except book debts) including movable machinery, machinery spares, tools and accessories subject to prior charge created and/ or to be created in favour of Company's bankers for working capital facilities;
- ii) Additionally secured by the Company's bungalow situated at Asarwa House, Dr. Balwantraj Mehta Marg, Shahibaug, Ahmedabad;
- iii) Loans are guaranteed by the Managing Director.

b) Terms of Repayment

Particulars	Amount	Moratorium Period	Terms of Repayment	Commence- ment Date
Secured Term Loans				
IDBI Rupee Term Loan	431	2 Years	32 quarterly installments of varying amount	01.01.2008
IDBI Rupee Term Loan	744	18 Months	32 quarterly installments of varying amount	01.04.2009
IDBI Rupee Term Loan	900	2 Years	32 quarterly installments of varying amount	23.03.2013
IDBI Rupee Term Loan	1590	2 Years	20 quarterly installments of varying amount	14.03.2014
SBI Rupee Term Loan	283	2 Years	32 quarterly installments of varying amount	31.03.2008
SBI Rupee Term Loan	372	18 Months	32 quarterly installments of varying amount	31.03.2009
SBI Corporate Loan	300	6 Months	10 quarterly installments of varying amount	31.12.2012
BOI Rupee Term Loan	40	2 Years	32 quarterly installments of varying amount	31.03.2008
BOI Rupee Term Loan	300	18 Months	32 quarterly installments of varying amount	31.03.2009
BOI Corporate Loan	300	6 Months	10 quarterly installments of varying amount	14.02.2013

NOTE NO. "4"	As at 31st March, 2014	As at 31st March, 2013
DEFERRED TAX LIABILITIES (NET) *		
Deferred Tax Liabilities being the Tax impact on -		
(i) Difference of Written Down Value of Fixed Assets as per Income Tax Laws & Books	834	847
Total	834	847
Deferred Tax Assets being the Tax impact on -		
(i) Unabsorbed Depreciation/Losses Carried Forward as per Income Tax Laws	225	762
(ii) Expenses charged in books but allowance thereof deferred under Income Tax Laws	51	47
Total	276	809
Net Deferred Tax Liability	558	38

* Deferred Tax liabilities and assets have been calculated in accordance with AS-22 as notified by the Companies (Accounting Standards) Rules, 2006.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2014	(Amount in ₹ Lacs) As at 31st March, 2013
NOTE NO. "5"		
OTHER LONG TERM LIABILITIES		
Other Payables		
Security Deposits	4	4
	<u>4</u>	<u>4</u>
NOTE NO. "6"		
LONG TERM PROVISIONS		
Provision for Employee Benefits		
For Leave Encashment	79	70
	<u>79</u>	<u>70</u>
NOTE NO. "7"		
SHORT TERM BORROWINGS		
Secured		
Loans repayable on demand		
From Banks	3420	2881
	<u>3420</u>	<u>2881</u>

Nature of Security

- (A) Out of Loans repayable on demand of ₹ 3420 lacs (Previous year ₹ 2881 Lacs) amount of ₹ 3046 lacs (Previous Year ₹ 2,498 lacs) from Banks are secured by
- First charge over all tangible assets including movable machinery, stock in trade, stores, book debts etc.
 - Additionally secured by Company's bunglow situated at Asarwa House, Dr Balwantraoi Mehta Marg, Shahibaug, Ahmedabad.
 - Lien on TDR of ₹ 10 lacs.
- (B) Balance amount of Loans repayable on demand of ₹ 374 lacs (Previous Year ₹ 383 lacs) from Bank is secured against hypothecation of green tea leaves, before and after plucking, tea in process, finished tea in stock/ transit and /or lying with brokers/ agents book debts (present and future) and equitable mortgage of immovable properties and machineries of Tea Estates as additional security.
- (C) Loans are guaranteed by the Managing Director.

	As at 31st March, 2014	As at 31st March, 2013
NOTE NO. "8"		
TRADE PAYABLES		
i) Due to Micro, Small and Medium Enterprises *	—	—
ii) Others	889	661
	<u>889</u>	<u>661</u>

* Based on information so far available with the Company in respect of MSMED (as defined in 'The Micro, Small and Medium Enterprise Development Act, 2006') there are no delays in payment of dues to such enterprises during the year and there are no such dues payable at the year end. Further no interest has been paid/payable to such enterprises.

NOTE NO. "9"

OTHER CURRENT LIABILITIES

(i) Current maturities of Long Term Debt - Secured *	1538	1190
(ii) Current maturities of Long Term Debt - Unsecured	—	19
(iii) Unpaid Dividend Account**	18	15
(iv) Unpaid Right Issue Refund Account**	—	—
(v) Other Payables		
(a) Statutory Dues	40	36
(b) Payable in respect of Capital Goods	10	—
(c) Advance from Customers	13	20
(d) Payable to Employees	295	268
(e) Others	116	73
	<u>474</u>	<u>397</u>
	<u>2030</u>	<u>1621</u>

* For nature of security refer Note No. 3

** There are no amounts due for payment to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end. Amount not disclosed under Unpaid Right Issue Refund Account due to below rounding off norms adopted by the Company.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. "10" SHORT TERM PROVISIONS	As at 31st March, 2014	(Amount in ₹ Lacs) As at 31st March, 2013
	(i) Provision for Employee Benefits	64
(ii) Other Provisions		
For Proposed Dividend	180	90
For Tax on Proposed Dividend	31	15
	275	138

NOTE NO. "11" FIXED ASSETS - TANGIBLE ASSETS

(Amount in ₹ Lacs)

PARTICULARS	GROSS BLOCK				As at 31.03.2014	DEPRECIATION			NET BLOCK		
	As at 01.04.2013	Additions	Adjustments (Note-b)	Disposals (Note-c)		Upto 01.04.2013	For the Year	Sales/ Adjustments	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Land Leasehold (Note- a)	19	—	—	—	19	—	—	—	—	19	19
Own Assets											
Land Freehold	4	—	—	—	4	—	—	—	—	4	4
Land & Plantation	427	1	—	—	428	—	—	—	—	428	427
Building & Water											
Supply Installations	3386	60	—	4	3442	732	91	2	821	2621	2654
Plant & Equipment	12262	562	—	330	12494	5868	1051	279	6640	5854	6394
Furniture & Fixtures	360	3	—	35	328	206	26	35	197	131	154
Vehicles	257	34	—	16	275	150	33	14	169	106	107
Office Equipments	14	2	—	2	14	10	1	1	10	4	4
Total	16729	662	—	387	17004	6966	1202	331	7837	9167	9763
Previous Year	14652	2873	84	880	16729	6764	1025	823	6966	9763	

a) The amount of Leasehold Land amortized during the year as disposals is below rounding off norms adopted by the Company.

b) Adjustment in gross block includes amount of ₹ Nil (Previous year ₹ 84 Lacs) as borrowing cost capitalised during the year.

c) Amount of Disposal includes Subsidy received during the year ₹ 23 Lacs (Previous year ₹ 21 Lacs).

NOTE NO. "12" FIXED ASSETS - INTANGIBLE ASSETS

(Amount in ₹ Lacs)

PARTICULARS	GROSS BLOCK				As at 31.03.2014	DEPRECIATION			NET BLOCK		
	As at 01.04.2013	Additions	Other Adjustments	Disposals		Upto 01.04.2013	For the Year	Sales/ Adjustments	Upto 31.03.2014	As at 31.03.2014	As at 31.03.2013
Own Assets											
Computer Software	13	—	—	—	13	6	2	—	8	5	7
	13	—	—	—	13	6	2	—	8	5	7
Previous Year	13	—	—	—	13	4	2	—	6	7	



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Lacs)

NOTE NO. "13"

NON-CURRENT INVESTMENTS

Other than Trade

Investments in Equity Instruments (Unquoted - at Cost)

	Face Value ₹	As at 31st March, 2014		As at 31st March, 2013	
		Number	Amount	Number	Amount
In Fully Paid up Equity Shares :					
Investments in Associates					
AKV Textiles Limited	10/-	1960000	196	—	—
Total Non-current Investment			196		—
Aggregate amount of unquoted investments			196		—
Disclosure as per AS-13					
Long Term Investments			196		—

NOTE NO. "14"

LONG TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31st March, 2014		As at 31st March, 2013	
Capital Advances		50		—
Security Deposits		31		29
CENVAT Credit realizable from Excise Dept.		20		20
MAT Credit Entitlement		772		471
		873		520
				520

NOTE NO. "15"

OTHER NON-CURRENT ASSETS

In Fixed Deposit with Banks

Deposit under lien with Bank against loans		10		10
Deposits held as Margin Money under lien with Bank against Bank Guarantees		28		32
Deposits lodged with Court for ESI Case		—		2
		38		44
				44

NOTE NO. "16"

CURRENT INVESTMENTS : UNQUOTED

Investments in Mutual Funds

(Valued at Cost or Market Value whichever is lower)

	Face Value ₹	As at 31st March, 2014		(Amount in ₹ Lacs) As at 31st March, 2013	
		Units	Amount	Units	Amount
Reliance Money Manager Fund - Direct Growth Plan- -Growth Option-LPAG	1000/-	14,545.883	235	—	—
HDFC High Interest Fund-Dynamic Plan-Growth	10/-	248,018.048	100	—	—
Birla Sunlife Savings Fund-Growth	100/-	44,599.790	100	—	—
Birla Sunlife FTP-Series-HL-366D Growth	10/-	250,000.000	25	—	—
UTI-Fixed Term Income Fund-Series-XVI-I (366 Days)-Direct Growth Plan	10/-	250,000.000	25	—	—
Sundaram Fixed Term Plan-DR-366 DAYS Direct Growth	10/-	400,000.000	40	—	—
JM Money Manager Fund Super Plan-Growth (170)	10/-	103,140.060	17	—	—
Total Current Investments - Unquoted			542		—
Aggregate amount of unquoted investments			542		—



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. "17"	As at		(Amount in ₹ Lacs)	
	31st March, 2014		As at 31st March, 2013	
INVENTORIES				
Raw Materials				
Cotton	1771		1900	
Polyester Fibre	7		12	
Filament Yarn	2		2	
Cotton Yarn	<u>23</u>	1803	<u>15</u>	1929
Stores & Spares		471		443
Stores in Transit		4		9
Work in Progress				
Cloth	508		182	
Yarn	<u>388</u>	896	<u>358</u>	540
Manufactured Goods				
Cloth	—		52	
Yarn	370		165	
Black Tea	<u>215</u>	585	<u>96</u>	313
Stock in Trade				
Black Tea*		—		—
Waste		84		57
		<u>3843</u>		<u>3291</u>

* Below rounding off norms adopted by the Company
For mode of Valuation refer Note No 31A(g)

NOTE NO. "18"

TRADE RECEIVABLES (Unsecured)

Outstanding for a period exceeding six months
from the date they are due for payment

Considered Good*	—		18	
Considered Doubtful	—		15	
Less: Provision made for Doubtful Debts	—		(15)	
Others - Considered Good	<u>1467</u>	1467	<u>1150</u>	1168
		<u>1467</u>		<u>1168</u>

*Below rounding off norms adopted by the Company

NOTE NO. "19"

CASH & BANK BALANCES

Cash and Cash Equivalents

Cash and Postage in hand	6		9	
Balances with Banks				
In Current Accounts	39		145	
In Fixed Deposit Accounts	<u>—</u>	45	<u>350</u>	504
Other bank balances				
In Fixed Deposit held as Margin Money				
Under lien with Bank against Letter of Credit	13		—	
Lodged with Court for ESI Case	<u>2</u>	15	<u>—</u>	—
In Unpaid Dividend and Rights Issue Refund Account		18		15
		<u>78</u>		<u>519</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March, 2014	(Amount in ₹ Lacs) As at 31st March, 2013
NOTE NO. "20"		
SHORT TERM LOANS & ADVANCES		
(Unsecured, considered good, unless otherwise stated)		
Advance with Income Tax Authorities (Net of Provision)	39	21
Deposits with NABARD under Tea Development Scheme	19	34
Prepaid Expenses	26	16
Advances recoverable in Cash or in Kind or for value to be received		
- From Others (Considered Good)	878	700
- From Others (Considered Doubtful) *	—	—
Less : Provision made for Doubtful Advances *	—	700
	962	771

* Below rounding off norms adopted by the Company

NOTE NO. "21"

OTHER CURRENT ASSETS

(i) Interest Accrued but not due	6	13
(ii) Export Incentives Receivables	24	22
(iii) Subsidy Receivable	150	176
(iv) Insurance Claim Receivable	116	—
	296	211

NOTE NO. "22"

REVENUE FROM OPERATIONS

Sale of Products

Manufactured Goods

Black Tea	4034	3726	
Cloth	8024	6956	
Yarn	10610	8242	
Knitted Fabric	260	263	19187

Traded Goods

Cloth	4	659	
Black Tea	62	38	697

Waste	1530	1505	
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Revenue from Sale of Products

24524	21389
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Other Operating Revenues :

Job Work Charges	684	529	
Export Incentives	54	57	
Profit on Tea Seed (Net)	5	2	588

Total Revenue from Operations

25267	21977
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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Lacs)

NOTE NO. "23"	Figures for the Current Year		Figures for the Previous Year	
OTHER INCOME				
Interest				
On Current Investments	11		7	
On Non-Current Investments	2	13	4	11
Net Gain on Sale of Investments				
On Non-Current Investments	—		62	
On Current Investments	—	—	107	169
Other Non-operating Income				
Rent	39		59	
Profit on Fixed Assets Sold/Discarded (Net)	40		126	
Net Gain on Foreign Currency Transactions	—		15	
Dividend	51		—	
Value Added Tax Refund	20		—	
Insurance Claim	99		—	
Sundry Balances Written Off (Net)	1		2	
Sale of Scrap	94		96	
Others	26		16	314
	<u>370</u>		<u>16</u>	<u>494</u>
	<u>383</u>			
NOTE NO. "24"				
COST OF MATERIALS CONSUMED				
Cotton, Polyester, Filament Yarn and Staple Fibre				
Stock at Commencement	1929		651	
Purchases	12379		10399	
	<u>14308</u>		<u>11050</u>	
Less : Stock at Close	1803	12505	1929	9121
Purchase of Green Tea Leaves		<u>811</u>		<u>643</u>
		<u>13316</u>		<u>9764</u>
a) Raw Material Consumed				
Cotton		10216		7862
Polyester Fibre		789		737
Staple Fibre, Polyester, Filament Yarn etc.		1121		479
Others		379		43
Purchase of Green Tea Leaves		<u>811</u>		<u>643</u>
		<u>13316</u>		<u>9764</u>

b) Value of imported and indigenous materials consumed

	RAW MATERIALS				SPARE PARTS & COMPONENTS			
	31.03.2014		31.03.2013		31.03.2014		31.03.2013	
	₹	%	₹	%	₹	%	₹	%
Imported	—	—	—	—	90	27	91	32
Indigenous	13316	100	9764	100	247	73	195	68
	<u>13316</u>	<u>100</u>	<u>9764</u>	<u>100</u>	<u>337</u>	<u>100</u>	<u>286</u>	<u>100</u>

NOTE NO. "25"

PURCHASE OF STOCK-IN-TRADE

	Figures for the Current Year	Figures for the Previous Year
Black Tea	36	25
Cloth	7	640
	<u>43</u>	<u>665</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹ Lacs)	
	Figures for the Current Year	Figures for the Previous Year
NOTE NO. "26"		
CHANGE IN INVENTORIES OF FINISHED GOODS		
WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Stock at the end of the year		
Manufactured Goods		
Cloth	—	52
Yarn	370	165
Black Tea	215	96
	585	313
Work-in-Progress		
Cloth	508	182
Yarn	388	358
	896	540
Stock-in-Trade		
Black Tea*	—	—
Waste	84	57
	1565	910
Stock at the Beginning of the year		
Manufactured Goods		
Cloth	52	238
Yarn	165	172
Black Tea	96	102
	313	512
Work-in-Progress		
Cloth	182	380
Yarn	358	386
	540	766
Stock-in-Trade		
Black Tea*	—	—
Waste	57	69
	910	1347
Increase/Decrease in Stocks	(655)	437
* Below rounding off norms adopted by the Company		
NOTE NO. "27"		
EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	2404	2212
Contribution to Provident and Other Funds	285	245
Staff Welfare Expenses	185	135
	2874	2592
NOTE NO. "28"		
FINANCE COSTS		
Interest Expense	745	866
Other Borrowing Costs	36	77
	781	943
NOTE NO. "29"		
DEPRECIATION AND AMORTIZATION EXPENSES		
Depreciation on Tangible Assets	1202	1025
Amortization of Intangible Assets	2	2
Amortization of Leasehold Land*	—	—
	1204	1027
* Below rounding off norms adopted by the Company		



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹ Lacs)

NOTE NO. "30"	Figures for the Current Year	Figures for the Previous Year
OTHER EXPENSES		
Consumption of Stores & Spares	1636	1486
Processing Charges	84	90
Power & Fuel	2689	2786
Rent	9	9
Repairs to Building	28	55
Repairs to Machinery	382	320
Repairs to other Assets	11	13
Insurance Charges	22	21
Rates & Taxes	66	91
Audit Fees		
a) Statutory & Branch Auditors :		
- As Auditors {including ₹ 2 lacs (Previous Year ₹ 2 lacs) to Branch Auditors}	3	3
- For Other Matters (including reimbursement of expenses)	2	2
b) Cost Auditors :		
- Cost Audit Fees	1	1
Brokerage, Commission & Discount	320	279
Selling & Distribution Expenses	216	189
Loss on sale of Current Investments	19	—
Net Loss on Foreign Currency Transactions	64	—
Miscellaneous Expenses	661	497
	6213	5842

NOTE NO. "31"

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO FINANCIAL STATEMENTS

(A) SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

- i) The financial statements have been prepared to comply in all materials respects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under historical cost convention on an accrual basis, other than certain fixed assets which are stated at revalued amount. Except otherwise mentioned, the accounting policies applied by the Company are consistent with those used in the previous year.

b) Revenue Recognition

- i) Sale is recognised on despatch of goods to the customers.
 ii) Export sales are accounted on the basis of dates of Bill of Lading.
 iii) Export incentives are accounted for in the year of export.
 iv) Insurance and other claims to the extent considered recoverable are accounted for in the year of claim.
 v) Interest is recognized on a time of proportion basis taking into account amount outstanding and the rate applicable.
 vi) Other items of Income are accounted as and when the right to receive arises.

c) Fixed Assets

Tangible

- (i) Leasehold Land :
 Premium on leasehold land is amortised over the period of lease.
 (ii) Fixed assets other than revalued are stated at cost of acquisition or construction and net of subsidy/cenvat less accumulated depreciation/amortization/impairment, if any.
 (iii) Depreciation :
 Depreciation on additions to Building, Water Supply Installation, Machineries and Electrical Installation upto 31st December 1975 for Textile Division and upto 31st March, 1976 for Tea Division and on all other Assets is being provided on Written Down Value basis, in terms of Section 205(2)(a) of the Companies Act, 1956 at the rates specified in Schedule XIV to the said Act.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. "31" (Contd.)

(Amount in ₹ Lacs)

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO FINANCIAL STATEMENTS (Contd.)

Depreciation on additions to Building, Water Supply Installation, Machineries and Electrical Installation from 1st January, 1976 for Textile Division and from 1st April, 1976 for Tea Division has been provided on Straight Line Basis, in terms of Section 205(2)(b) of the Companies Act, 1956 at the rates specified in Schedule XIV to the said Act.

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

In respect of revalued assets, the difference of depreciation, between written down value and revalued amount, has been charged to Revaluation Reserve.

Intangible

- (i) Cost of Software is capitalised and where it is expected to provide future enduring economic benefits. Capitalisation includes license fees and cost of implementation/system integration services. The costs are capitalised in the year in which the relevant software is implemented for use. Expenses incurred on upgradation/enhancement is charged off as revenue expenditure unless they bring similar significant additional benefits.
- (ii) Capitalised software costs is amortised on straight line basis over a period of five years.

d) Impairment of Fixed Assets

The carrying amount of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An impairment loss will be recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital.

e) Government Grants

Capital Grants relating to specific assets are reduced from the gross value of the fixed assets. Other revenue grants are credited to Profit & Loss Statement or deducted from the related expenses.

f) Investments

Non-current investments are stated at cost and where applicable, provision is made in case of permanent diminution in value of investments. Current investments are stated at lower of cost or market value.

g) Inventories

- i) Raw Materials are valued at cost or net realisable value whichever is lower, at Textile Division and at net realisable value in Tea Division. Cost is arrived at on the basis of cost of respective lots remaining in stock and related expenses.
- ii) Stores, Coal, etc. are valued at cost. Costs of stores is arrived at on F.I.F.O. basis in Textile Division except coal which is valued on monthly average basis. At Tea Division, all stores are valued on monthly average basis.
- iii) Materials-in-Process is valued at cost on absorption basis or net realisable value, whichever is lower.
- iv) Yarn is valued at cost on absorption basis or net realisable value whichever is lower including excise duty.
- v) Cloth is valued at cost on absorption basis or net realisable value whichever is lower including excise duty.
- vi) Finished Tea is valued at net realisable value.
- vii) Waste is valued at estimated realisable value.
- viii) Materials-in-Transit is valued at cost to date of the Balance Sheet.

h) Borrowing Cost

- i) Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and all other borrowing costs are recognised as an expense in period for which they are incurred, unless otherwise stated.
- ii) Borrowing costs such as the premium paid in connection with the borrowings are being amortised over the period of respective borrowings in proportion with the outstanding balances.

i) Exchange Fluctuation

The foreign currency monetary items consisting of loans, trade receivables and payable at the end of the year have been restated at the rate prevailing at the Balance Sheet date. The difference arising as a result has been accounted as income/expense as per the Accounting Standard 11 (Revised 2003) on "Accounting for the Effects of Changes in Foreign Exchange Rates."

The premium or discount arising at the inception of the forward exchange contracts is amortised as expense or income over the life of the contracts.

Realised gain or loss on cancellation of forward exchange contracts are recognized in the Profit and Loss Statement of the period in which they are cancelled.

Forward Contracts remaining unsettled at the Balance Sheet date are revalued at the closing rate and exchange difference arising on such revaluation is charged to Statement of Profit and Loss.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. "31" (Contd.)

(Amount in ₹ Lacs)

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO FINANCIAL STATEMENTS (Contd.)

j) Employee Benefits

i) Defined Contribution Plans :

The Company has defined benefit contribution plans in the form of Provident Fund, Superannuation Fund, EDLI, ESIC and Labour Welfare Fund and the contributions are charged to the Profit & Loss Statement of the year when the contributions to the respective funds are due. There are no other obligations other than contribution payable to the respective funds.

ii) Defined Benefit Plans :

The Company has defined benefit plans namely Leave Encashment/Compensated Absence and Gratuity for Employees, the liability for which is determined on the basis of actuarial valuation at the end of the year. Gains and losses arising out of actuarial valuation are recognised immediately in the Profit and Loss Statement as income or expense.

iii) Other Defined Benefits :

Provision for other defined benefit for long term leave encashment is made based on an independent actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expenses. Company recognises the undiscounted amount of short term employee benefits during the accounting period based on service rendered by the employee.

k) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the financial statements by way of a note. Contingent assets are neither recognised nor disclosed in the financial statements.

l) Taxes on Income

i) Current tax represents the amount computed as per prevailing taxation laws.

ii) Deferred Tax is recognised subject to consideration of prudence on timing difference being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets have been recognized where there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

OTHER NOTES TO THE FINANCIAL STATEMENTS

	<u>Figures for the Current Year</u>	<u>Figures for the Previous Year</u>
(B) Contingent Liabilities not provided for :		
(a) Claims against the Company not acknowledged as debts	71	55
(b) Bills Discounted	127	168
(c) Guarantees given by Company's Banker	174	200
(d) Disputed Sales Tax Demands including interest and penalty under appeal	30	73
(e) Disputed Service Tax / Excise Matters *	—	2
* Below rounding off norms adopted by the Company.		
It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolutions of the respective proceedings.		
(C) Capital and Other Commitments		
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	<u>481</u>	<u>32</u>
	<u>481</u>	<u>32</u>
(D) Value of Imports on C.I.F. Basis		
Spare Parts	116	85
Capital Goods	—	549
	<u>116</u>	<u>634</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. "31" (Contd.)

(Amount in ₹ Lacs)

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO FINANCIAL STATEMENTS (Contd.)

	Figures for the Current Year	Figures for the Previous Year
(E) Expenditure in Foreign Currency		
Travelling Expenses	39	50
Bank Charges	5	5
Commission on Sales	15	11
Others	6	4
	<u>65</u>	<u>70</u>
(F) Earnings in Foreign Currency		
F.O.B. Value of Exports		
Direct	1664	1603
Through Export House	2467	2035
	<u>4131</u>	<u>3638</u>

(G) Disclosure pursuant to Accounting Standard - 15 (Revised) "Employee Benefits" :

a. Defined Contribution Plans :

Amount of ₹296 lacs (Previous Year ₹214 lacs) is recognised as expense and included in "Employee Benefits Expense" in Note-27.

b. Defined Benefit Plans :

Defined Benefit Obligation

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

	Gratuity	
	2013-2014	2012-2013
a. Present Value of Defined Benefit Obligation at the beginning of the year	945	914
b. Interest Cost	77	77
c. Current Service Cost	44	42
d. Actuarial Gains / (Losses)	32	30
e. Benefits Paid	(46)	(118)
f. Present Value of Defined Benefit Obligation at the close of the year	<u>1052</u>	<u>945</u>

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

	Gratuity	
	2013-2014	2012-2013
a. Fair value of Plan Assets at the beginning of the year	971	850
b. Add : Expected return on Plan Assets	84	72
c. (Less)/Add : Actuarial (Losses) / Gain	(4)	5
d. Add : Contributions	57	162
e. Less : Benefits Paid	(46)	(118)
f. Fair value of Plan Assets at the close of the year	<u>1062</u>	<u>971</u>
Actual Return on Plan Assets	80	77

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

	Gratuity	
	2013-2014	2012-2013
a. Present Value of Defined Benefit Obligation	1052	945
b. Less: Fair value of Plan Assets	1062	971
c. Present Value of unfunded Obligation	(10)	(26)
d. Net Liabilities / (Asset) recognised in the Balance Sheet	<u>(10)</u>	<u>(26)</u>



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. "31" (Contd.)

(Amount in ₹ Lacs)

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

	Gratuity	
	2013-2014	2012-2013
a. Current Service Cost	44	42
b. Interest Cost	77	77
c. Expected return on Plan Assets	(84)	(72)
d. Actuarial Gains	36	25
e. Past Service Costs	—	—
f. Effect of curtailment / settlement	—	—
g. Adjustments for earlier years	—	—
Recognised in the Profit and Loss Statement	73	72

v. Broad Categories of Plan Assets as a percentage of Total Assets :

	Gratuity			
	31.03.2014		31.03.2013	
	Tea	Textile	Tea	Textile
a. Government of India/ State Government Securities	N. A.	49.00%	N. A.	42.00%
b. Public Sector Bonds	N. A.	50.00%	N. A.	57.00%
c. Fixed Deposit under Special Deposit Scheme	N. A.	1.00%	N. A.	1.00%
d. Insurer Managed Fund	100.00%	N. A.	100.00%	N. A.
	100.00%	100.00%	100.00%	100.00%

vi. Actuarial Assumptions as on the Balance Sheet date :

	Gratuity			
	31.03.2014		31.03.2013	
	Tea	Textile	Tea	Textile
a. Discount Rate	9.31%	9.36%	8.25%	8.00%
b. Expected rate of return on Plan Assets	8.70%	8.70%	8.70%	8.70%
c. Salary Escalation rate — Management and Non-Management Staff	7.00%	5.00%	7.00%	4.00%

vii. Amount of Current and previous four years are as follows :

	Gratuity				
	2013-14	2012-13	2011-12	2010-11	2009-10
a. Present value of Defined Benefit obligation	1052	945	914	821	725
b. Less : Fair value of Plan Assets	1062	971	850	817	751
c. Surplus / (Deficit) in the plan	10	26	(64)	(4)	26
d. Experience Adjustments on plan liabilities losses/ (gains)	(113)	24	26	55	21
e. Experience Adjustments on plan asset (losses)/ gain	(4)	5	(10)	2	(1)

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

c) Amount recognised as an expense in respect of Compensated Leave Absences is ₹ 33 Lacs (Previous Year ₹ 27Lacs).

d) Short Term payment of Leave Encashment amounting to ₹ 4 Lacs (Previous year ₹ 10 Lacs) is charged to Employee Benefits Expense.



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. "31" (Contd.)

(Amount in ₹ Lacs)

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO FINANCIAL STATEMENTS (Contd.)

(H) Segment Reporting as per AS-17 notified by Companies (Accounting Standards) Rules, 2006, for the year ended 31st March, 2014

(A) Information about Primary (Business) Segment	Tea		Textile		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
SEGMENT REVENUE						
External Sales & Other Income	4162	3963	21488	18508	25650	22471
Less: Excise Duty	—	—	(11)	(11)	(11)	(11)
Sales (Net of Excise Duty) and Other Income	4162	3963	21477	18497	25639	22460
Total Revenue	4162	3963	21477	18497	25639	22460
SEGMENT RESULT						
Segment Result	1128	1003	1483	964	2611	1967
Unallocated Corporate Income						
a) Net Gain on Sale of Investments					—	169
b) Interest Income					13	11
c) Dividend					51	—
Unallocated Corporate Expenses						
a) Loss on sale of Investments					(19)	—
Finance Cost					(781)	(943)
Income Taxes					(622)	(58)
Net Profit					1253	1146
OTHER INFORMATION						
Segment Assets	2458	2658	13567	13014	16025	15672
Unallocated Corporate Assets					1610	629
Total Assets					17635	16301
Segment Liabilities	721	655	5765	4615	6486	5270
Unallocated Corporate Liabilities					211	105
Total Liabilities					6697	5375
Capital Expenditure	202	134	621	2282	823	2416
Depreciation & Amortisation	87	82	1105	931	1192	1013
Non-cash Expenses other than depreciation*	—	—	—	—	—	—

* Below rounding off norms adopted by the Company.

(B) Information about Secondary (Geographical) Segment	India		Outside India		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Segment Revenue	21508	18822	4131	3638	25639	22460
Segment Assets	17490	16301	145	—	17635	16301
Capital Expenditure	823	2416	—	—	823	2416

Notes :

- The reportable primary segment is based on two business namely, Tea & Textile and the reportable secondary segment is based on geographical location of customers.
- The segment revenue, results, assets & liabilities include respective amounts identifiable to each of the segment and amounts allocated on reasonable basis.

(I) Related Party Disclosures as per AS-18 notified by Companies (Accounting Standards) Rules, 2006 for the year ended 31st March, 2014

(A) Relationships :

(i) Key Management Personnel & Relatives

Shri Adarsh Kanoria

Shri K P Khandelwal

Shri Kushagra Kanoria

Shri Radhe Shyam Saraogi

Smt Shubha Kanoria

Master Varenya Kanoria

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

Eskay Udyog Ltd.

Kanoria Exports Pvt. Ltd.

Rydak Enterprises & Investment Ltd.

Samrat Industrial Resources Ltd.

AKV Textiles Limited

Ananda Seva Kosh



NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. "31" (Contd.)

(Amount in ₹ Lacs)

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO FINANCIAL STATEMENTS (Contd.)

(B) Transactions during the year with related parties in normal course of business & balances at the end of the financial year :

	In relation to Item no.			
	A (i) above		A (ii) above	
	2013-14	2012-13	2013-14	2012-13
(i) Rent received	—	—	—	1
(ii) Expenses reimbursed	4	1	1	—
(iii) Salary & other benefits	124	72	—	—
(iv) Dividend Paid	15	—	51	—
(v) Rent paid	—	—	5	5
(vi) Donation paid	—	—	25	—
(vii) Purchase of shares	—	—	196	—
(viii) Outstanding payable as on 31st March, 2014	—	—	—	—

(J) Statement showing calculation of Earning Per Share, as per AS-20, notified by Companies (Accounting Standards) Rules, 2006

	2013-2014	2012-2013
Profit/(Loss) After Tax (₹ in lacs)	1253	1146
Weighted average number of Equity Shares of ₹ 10/- each fully paid up	90,05,985	90,05,985
Earning Per Share (in ₹)(Basic & Diluted)	13.91	12.72

(K) In accordance with the Accounting Standard (AS-28) on Impairment of Assets, there is no indication of impairment based on internal/external factors and hence no impairment is considered necessary during the year under review.

(L) Borrowing cost capitalised during the year

	2013-2014	2012-2013
As Addition to Fixed Assets (other adjustment)	—	84
	—	84

(M) In the opinion of the Board, any of the assets other than fixed assets have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.

(N) Unhedged Foreign Currency Exposures at the Reporting Date :

	As At 31st March 2014	As At 31st March 2013
Receivable in respect of sale of goods :		
Amount in Rs.	246	—
Amount in USD	4	—
Payable in respect of purchase of goods :		
Amount in Rs.	—	1
Amount in CHF*		

* Below rounding off norms adopted by the Company

(O) At textile division of the Company, certain assets and Inventory were destroyed / damaged due to fire at the godown on 13th March 2014. The claim has been filed with the Insurance Company for which survey has been completed. A sum of ₹ 116 lacs has been shown as Insurance Claim Receivable in Note No 21 of the financial statements.

(P) Previous year's figures have been regrouped/rearranged wherever necessary.

As per our report of even date.

For JAIN & CO.

Chartered Accountants

Firm Registration No.302023E

M. K. JAIN

Partner

(Membership No. 055048)

P-21/22, Radhabazar Street

Kolkata 700 001

Dated : 10th day of May, 2014

A. KANORIA Managing Director

K. P. KHANDELWAL Whole-time Director

S. SHAH Company Secretary