



KANCO TEA & INDUSTRIES LIMITED

(Formerly : Dhanvaridhi Concerns Limited)

Annual Report & Accounts 2010-2011

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BOARD OF DIRECTORS

Mr. U. Kanoria

Chairman

Mrs. A. Kanoria

Wholtime Director

Mr. G. Momen

Mr. N. Nayar

Mr. G. R. Banka

Directors

AUDITOR

M/s. Jain & Co.

Chartered Accountants

BANKER

Punjab National Bank

REGISTERED OFFICE

Jasmine Tower, 3rd Floor

31, Shakespeare Sarani,

Kolkata 700 017

Telefax : 2281 5217

Email : kancotea@gmail.com

TEA ESTATES

Mackeypore &

Lakmijan Tea Estate

P. O. Nazira 785 685

Dist. Sivasagar (Assam)

SHARE REGISTRAR

CB Management Services (P) Ltd.

P-22, Bondel Road, Kolkata 700 019

Phone : 2280 6692/93/94

E-mail : cbmsl1@cal2.vsnl.net.in



NOTICE

Notice is hereby given that the 28th Annual General Meeting of Kanco Tea & Industries Limited will be held at "Bhartiya Bhasha Parishad", 36A, Shakespeare Sarani, Kolkata – 700 017 on Friday, the 29th of July, 2011, at 11:30 A.M, inter-alia, to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited profit & Loss Account for the year ended 31st March, 2011, the Audited Balance Sheet as at that date and the Reports of the Board of Directors and Auditors.
2. To consider declaration of dividend on Preference Shares for the financial year ended 31st March, 2011.
3. To consider declaration of dividend on Equity Shares for the financial year ended 31st March, 2011.
4. To appoint a director in place of Mr. Govind Ram Banka, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Navin Nayar, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT Messrs. Jain & Co., Chartered Accountants, be and are hereby re-appointed as Auditors of the Company under Section 224 read with Section 224A and other applicable provisions, if any, of the Companies Act, 1956 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be decided by the Board, inclusive of reimbursement of out-of-pocket expenses, as may be incurred by the Auditors on account of performance of their duties."

SPECIAL BUSINESS :

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT the consent of the Company pursuant to Section 293(1)(e) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), be and is hereby given to the Board of Directors of the Company ('hereinafter referred to as 'the Board') to contribute and/or to subscribe and/or otherwise to assist, from time to time, to any charitable, benevolent, public or general and other funds, and to any society, association or Institution, not directly relating to the business of the Company or the welfare of its employees, any such amount or amounts, as the Board may deem fit PROVIDED HOWEVER THAT the total amount that may so be contributed in any financial year shall not exceed Rs. 50,00,000/- (Rupees Fifty Lakhs Only) or 5% of the Company's average net profit, as determined in accordance with the provisions of Sections 349 and 350 of the Companies Act, 1956, during the three financial years immediately preceding, whichever is greater."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem necessary."

Registered Office :

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata – 700 017
Dated : 13th of May, 2011

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

Anuradha Kanoria
Whole-time Director



NOTICE (Contd.)

NOTES :

- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on poll to vote instead of himself. The proxy need not be a member of the Company. A blank form of proxy is enclosed herewith and, if intended to be used, it should be returned duly completed at the registered office of the Company not less than forty-eight hours before the scheduled time of the commencement of the Annual General Meeting.
- No person shall be entitled to attend or vote at the meeting as a duly authorized representative of any body corporate which is a shareholder of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be a true copy by the Chairman of the meeting at which it was passed, shall have been deposited at the Registered Office of the Company not less than forty eight hours before the scheduled time of the commencement of the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 27th of July, 2011 to 29th of July, 2011 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members. Dividend shall be paid to those persons whose names appear in the register of members on or before 26th of July, 2011.
- In order to protect the investors from fraudulent encashment of warrants, the members are requested to furnish their Bank Account Number (Current/Savings), the name of the Bank and Branch where they would like to deposit the dividend warrants for encashment, whenever dividend is declared by the Company. These particulars will be printed on the Dividend Warrant besides the name of the shareholders, so that these warrants cannot be encashed by anyone other than the shareholder. The above mentioned details should be furnished by the first/sole holder, directly to their respective Depositories in respect of shares held in electronic form and in case of shares held in physical form to the Compliance officer or Registrar & Share Transfer Agent M/s. C.B. Management Services Pvt. Ltd., P-22, Bondel Road, Kolkata - 700019. The Company is providing the facility of ECS to all shareholders, holding shares in electronic and physical form. This facility could also be used by the shareholders instead of Bank mandate system for receiving the credit of dividends, whenever dividend is declared by the Company.
- Pursuant to Section 205A read with Section 205C of the Companies Act, 1956 as amended, dividend remaining unclaimed and unpaid for a period of seven years from the date of payment, is required to be transferred to the Investor Education and Protection Fund of the Central Government. After that there remains no claim of the members whatsoever on the said amount.
- The shares of the Company shall be compulsorily traded in dematerialized mode. The Company has signed agreements with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depositories Service (India) Limited (CDSL).
- All the documents referred to in the accompanying notice, explanatory statement and the Register of Directors' shareholding and the Register of Contracts maintained under Sections 307 and 301 of the Companies Act, 1956 respectively are open for inspection at the registered office of the Company upto the date of Annual General Meeting. Register of Directors' shareholding shall be open for inspection upto 3 days after the Annual General Meeting.
- Shareholders may kindly note that no gifts/coupons will be distributed at the Annual General Meeting.



NOTICE (Contd.)

- In case you have any query relating to the enclosed Annual Accounts or about the operations of the Company, you are requested to forward the same to the Company at the Registered Office at least seven days before the date of Annual General Meeting so that the information can be made available at the meeting.
- Please note that as per the green initiative of the Ministry of Company Affairs, your Company proposes to dispatch the abridged Statement of Accounts and the notice of the Annual General Meeting through electronic media to the email addresses of all those members as available in the Register of Members of the Company and who wishes to get a copy by the electronic media. A form for exercising the option is attached as Annexure to the Annual Report. Members may also register their email address by visiting Website namely www.cbmsl.com/green.php of our Registrar.
- Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item no.7 of the Notice is annexed herewith.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 :

Under Section 293(1) (e) of the Companies Act, 1956 ("the Act"), the Board of Directors of a public Company cannot, except with the consent of its Members, contribute to charitable and other funds not directly related to the business of the company or the welfare of its employees, any amount the aggregate of which will, in any financial year, exceed Rs. 50,000/- (Rupees Fifty Thousand Only) or 5% (five percent) of the company's average net profit as determined in accordance with provisions of Section 349 and Section 350 of the Companies Act, 1956 during the three financial years immediately preceding, which ever is greater.

The Board of Directors of the Company, at its meeting held on 14th of February, 2011, proposed to obtain the enabling approval of the Members of the Company for making contribution to charitable and other funds not directly related to the business of the company or the welfare of its employees, during any financial year, for an amount upto Rs. 50,00,000/- (Rupees Fifty Lakhs Only) or 5% (five percent) of the company's average net profit as determined in accordance with provisions of Section 349 and Section 350 of the Companies Act, 1956 during the three financial years immediately preceding, which ever is greater.

As the Members are aware, the Company has always believed in strengthening and uplifting the communities across the country. With ongoing focus on education, development of children, healthcare for all and assistance to poor people, the Company would like to earmark funds for its 'Social Responsibility Initiatives' and hence the above recommendation for making contribution to charitable and other funds.

The Directors, therefore, recommend the proposed Ordinary Resolution set out in the Notice.

None of the Directors of the Company is, concerned or interested in the said Ordinary Resolution.

Registered Office :

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata – 700 017
Dated : 13th of May, 2011

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

Anuradha Kanoria
Whole-time Director



DIRECTORS' REPORT

Dear Shareholders,

Your Directors present their Annual Report and Audited Accounts for the year ended 31st March, 2011

FINANCIAL HIGHLIGHTS

Your Company's financial performance was as follows :

	2010-11	2009-10	Rs./Lacs
Profit Before Interest, Depreciation and Tax	614.89	633.25	
Less : Interest	144.86	124.97	
Gross Profit for the year	470.03	508.28	
Less : Depreciation	73.87	64.87	
Profit Before Tax	396.16	443.41	
Less : Provision For :-			
Net Current Tax	77.65	56.46	
Income Tax for earlier years	16.23	—	
Deferred Tax	(12.40)	(137.21)	
Provision for MAT credit Entitlement	—	15.15	(65.60)
Profit/(Loss) After Taxation	314.68	509.01	
Add : Balance Brought Forward from Last Account	513.27	22.49	
	827.95	531.50	
Less : Transfer to General Reserve	31.47	0.00	
Less : Proposed dividend @Re.5.00 per share	88.18	17.07	
Less : Dividend Distribution Tax	5.72	1.16	
Balance Carried to Balance Sheet	702.58	513.27	

DIVIDEND

The Directors of your Company has recommended a dividend of Rs.5/- per share (Last Year Re. 1/- per share) on the Equity Shares for the year under review.

OPERATIONS & FINANCE :

The Tea Business witnessed a year where difference in prices between quality and non quality tea increased substantially. Production showed a decline on account of adverse weather conditions that affected the Brahmaputra Valley in Assam. However the working results of the year show only a very marginal decline as compared to the previous year. This was due to the production of quality tea by this company which fetched increased prices per kilogram. However the prices of tea manufactured from purchased green leaf declined. The profit before tax for the year stood at Rs. 396.16 lakhs in comparison to 443.41 lakhs for the previous year.

Your company continued to take advantage of the Special Purpose Tea Fund announced by the Tea Board of India. In the financial year 2010-11, 26.54 hectares, 21.95 hectares and 23.91 hectares of the plantation were replanted, rehabilitated and uprooted respectively.

The second phase of the irrigation project has been successfully implemented.

We are seeing a continuation of the same trend in prices in the current year with increasing price concertina between good and medium teas. Once again your company, being a producer of quality tea, is well poised to take advantage of the improving price trend for this quality bracket.

Prices for tea made out of bought leaf continue to show a declining trend. However, your company proposes to maximize the production of bought leaf tea in order to fully utilize its factory capacity which in turn would reduce the fixed cost. The weather conditions in Assam are reasonable so far and your company expects to make up the loss in crop suffered last year. The thrust on irrigation and replanting under SPTF will continue.

ISSUE OF EQUITY SHARES BY THE COMPANY :

During the year under review, 12,11,609 (Twelve Lakh Eleven Thousand Six Hundred and Nine) equity shares having face value of Rs. 10/- each were issued to shareholders of Kanco Enterprises Limited, without any consideration, in the ratio of one share of the Company for every ten shares, held by them in Kanco Enterprises Limited as per the Scheme of Arrangement in the nature of De-merger, sanctioned by the Hon'ble High Court at Calcutta.

DIRECTORS

Mr. Govind Ram Banka and Mr. Navin Nayar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

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

The Directors state that :

- Appropriate Accounting Standards as are applicable to the Annual Statement of Accounts for the financial year ended 31st March, 2011 have been followed in preparation of the said accounts.
- The Directors have followed the accounting policies as described in the Schedule 19 (Notes on Accounts) and applied them consistently to facilitate true and fair view of the state of affairs of the Company.
- Sufficient care has been taken to maintain accounting records of the Company.
- The statement of accounts has been prepared on a going concern basis.

FIXED DEPOSITS

The amount outstanding as on 31st March, 2011 on account of Fixed Deposits aggregating Rs. 82.03 lacs is yet to mature and all the deposits that matured during the year were repaid with interest due thereon and nothing remains unclaimed.

AUDITORS

Messrs. Jain & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting and being eligible, has expressed their willingness to continue as auditors of the Company, if so appointed by the members.

EMPLOYEE PARTICULARS

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

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

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Kolkata, the 13th May, 2011

A. Kanoria
Whole-time Director

ANNEXURE TO DIRECTORS' REPORT**INFORMATION AS PER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2011.**

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

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

	<u>Current Year</u>	<u>Previous Year</u>
(A) POWER & FUEL CONSUMPTION		
(1) Electricity		
(a) Purchased (Units)	986780	1270858
Total Amount (Rs.)	6667187	7517698
Rate / Unit (Rs.)	6.76	5.92



ANNEXURE TO DIRECTORS' REPORT (Contd.)

(b) Own Generation		
Through Diesel(Units)	228829	623892
Unit per ltr.	4.79	5.70
Cost / Unit (Rs.)	7.87	5.82
(c) Through Gas Generators		
Units	398691	7550
	N.A	N.A

(4) Others/Internal Generation

(a) Gas :		
Quantity (cm3)	1468447	1603153
Total Cost (Rs.)	7697618	4855504
Rate/Unit (Rs./cm3)	5242.01	3028.72
(b) LDO/DIESEL		
Quantity(K.Ltr.)	-	-
Total Cost (Rs.)	-	-
Average (Rs./K.Ltr.)	-	-

(B) CONSUMPTION PER UNIT OF PRODUCTION

	<u>Unit</u>	<u>Current Year</u>	<u>Previous Year</u>
(i) Black Tea	Kgs.	2028671	2022973
Electricity	Unit	0.80	0.94
Gas	CM ³	0.72	0.79

For the above, there is no prescribed standard.

RESEARCH & DEVELOPMENT (R&D)

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

<u>Particulars</u>	<u>2010-2011</u>	<u>2009-2010</u>
1. Foreign Exchange Earnings	NA	NA
2. Foreign Exchange Outgo	Rs. 26,99,745/-	Rs. 32,30,384/-

For and on behalf of the Board of Directors

Kolkata, the 13th May, 2011

Anuradha Kanoria
Whole-time Director

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

Aggregate No. of Share Holders whose shares are lying in the suspense Account as on 01/04/2010	Nil
Aggregate No. of Shares lying in the suspense Account as on 01/04/2010	Nil
*Aggregate No. of Share Holders whose shares are lying in the suspense Account as on 10/08/2010	87
*Aggregate No. of Equity Shares lying in the suspense Account as on 10/08/2010	915
Number of shareholders who approached issuer for transfer of shares from suspense account during the year	NIL
Numbers of shareholders to whom shares were transferred from suspense account during the year.	NIL
**Aggregate No. of Share Holders whose shares are lying in the suspense Account as on 31/03/2011.	87
**Aggregate No. of Shares lying in the suspense Account as on 31/03/2011.	915

Note :

* The Equity shares of the Company were allotted on 10th of August, 2010 to the eligible shareholders of Kanco Enterprises Limited, hence the opening period for the purpose of Clause 5A shall be 10th of August, 2010.

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

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

Our Registrar & Transfer Agents have issued one reminders as on 31st March, 2011. The Second and Third reminders shall be issued within 30th of May, 2011 and 30th of July, 2011 respectively. If no response is generated after a month of the said date, the Company undertakes transfer the underlying shares into a single folio in the name of "Unclaimed Suspense Account" and shall dematerialise the said equity shares. Please note that the Company has already opened a Suspense Account with CDSL.



AUDITORS' REPORT

TO THE MEMBERS OF KANCO TEA & INDUSTRIES LIMITED

We have audited the attached Balance Sheet of **KANCO TEA & INDUSTRIES LIMITED** as at 31st March, 2011, as well as the annexed Profit & Loss Account and the Cash Flow Statement for the year ended 31st March, 2011. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, (the "Act") and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.

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

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Sub-section (3C) of Section 211 of the Act.
- e) On the basis of written representations received from the Directors, as on 31st March 2011, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director under Clause (g) of Sub-section (1) of section 274 of the Act;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements together with notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
 - ii) In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

P-21/22, Radhabazar Street,
Kolkata-700 001
Dated the 13th day of May, 2011

M.K. Jain
Partner
Membership No 55048

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 1 of our Report of even date :

- 1) In respect of Fixed Assets.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b) The fixed assets have been physically verified during the year by the management in accordance with a program of verification, the frequency whereof is reasonable. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c) The company has not disposed off any substantial part of its fixed assets so as to effect its going concern.
- 2) In respect of Inventories.
 - a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories and no material discrepancies were noticed on physical verifications.
- 3) In respect of loans, secured or unsecured, granted or taken by the company to or from other companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956, according to the information and explanations given to us :
 - a) The Company has not granted any loans to any party during the year ;
 - b) During the year the Company has taken interest free unsecured loan of Rs 14.50 lacs from one party and the amount outstanding at the close is Rs. Nil. The maximum amount involved during the year was Rs. 14.50 lacs.
 - c) The rate of interest and other terms and conditions of such loan are, in our opinion, not prejudicial to the interest of the company;
 - d) The Company is regular in payment of principal amount and interest.
- 4) In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of stores and spare parts, raw materials, plant and machinery, equipment and other assets and with regard to sale of goods and services. During the course of our previous assessment, no major weakness in internal control had come to our notice.
- 5) To the best of our knowledge and belief and according to information and explanations given to us ,there were no particulars of contracts or arrangements referred to in Section 301 of the Companies Act,1956,that were required to be entered in the register maintained in pursuance of Section 301 of the Companies Act,1956.
- 6) The Company has accepted deposits from the public within the meaning of Sections 58A and Section 58AA of the Act and have complied with the rules framed thereunder.
- 7) The company has an adequate internal audit system commensurate with the size of the company and nature of its business.
- 8) We have broadly reviewed the Books of Account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209 (1)(d) of the Companies Act, 1956,



Annexure to the Auditors' Report (Contd.)

and are of the opinion that prima-facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

- 9) According to the information and explanations given to us, in respect of statutory dues and other dues the Company is regular in depositing undisputed Statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service tax, Sales Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities where applicable. There are no arrears of aforesaid statutory dues as at the last day of the financial year outstanding for a period of six months from the date they became payable.
- 10) The Company does not have any accumulated losses at the financial year ended 31st March, 2011 and it has not incurred cash losses in the current and immediate preceding financial year.
- 11) Based on our audit procedure and on the information and explanations given by the management, the Company has not defaulted in repayment of principal and interest, due to the Banks.
- 12) As informed to us the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other investments.
- 13) In our opinion the Company is not a chit fund or nidhi/mutual benefit fund/societies. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003, are not applicable to the Company.
- 14) To the best of our knowledge and belief and according to the information and explanations given to us the Company has maintained proper records of the transactions for dealing in shares, securities and other investments and timely entries have made therein. The shares, securities and other investments have been held by the company in its own name.
- 15) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16) The Company has applied the money received as term loans during the year for the purposes for which the loans were obtained.
- 17) The Funds raised by the Company on short term basis have not been used during the year for long term investment.
- 18) The Company has not made any preferential allotment of shares to parties or Companies covered in the register maintained under Section 301 of the Companies Act, 1956, during the year and hence the question of the price at which shares have been issued is prejudicial to the interest of the Company does not arise.
- 19) The Company has not issued any debentures during the year and it has created proper security in respect of outstanding debentures.
- 20) The Company has not raised any money through public issues during the year.
- 21) To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

P-21/22, Radhabazar Street,
Kolkata-700 001
Dated the 13th day of May, 2011

M.K. Jain
Partner
Membership No 55048



BALANCE SHEET AS AT 31ST MARCH, 2011

	SCHEDULES	31/03/2011		31/03/2010	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholder's Fund					
Share Capital	1A	2,10,76,090		89,60,000	
Share Capital Suspense	1B	-		1,21,16,084	
Reserves & Surplus	2	9,68,79,964	11,79,56,054	7,48,02,254	9,58,78,338
LOAN FUND					
Secured Loans	3	10,10,24,699		10,72,48,318	
Unsecured Loans	4	1,54,43,182	11,64,67,881	1,68,41,057	12,40,89,375
Deferred Tax Liabilities (Net)	5		29,27,269		41,67,130
	TOTAL		23,73,51,204		22,41,34,843
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	6	12,03,25,711		11,48,00,866	
Less: Depreciation		99,13,351		51,23,852	
Net Block		11,04,12,360		10,96,77,014	
Advance for Capital Expenditure		-	11,04,12,360	70,000	10,97,47,014
Investments	7		5,30,59,605		5,03,62,351
Current Assets, Loans and Advances					
Inventories	8	3,45,62,770		3,91,33,928	
Sundry Debtors	9	13,31,286		24,88,018	
Cash and Bank Balances	10	60,54,944		48,81,442	
Loans and Advances	11	10,53,85,334		8,07,65,623	
Total Current Assets, Loans and Advances		14,73,34,334		12,72,69,011	
Less: Current Liabilities & Provisions					
Current Liabilities	12	5,71,65,176		5,71,27,761	
Provisions		1,73,81,402		75,71,083	
Total Current Liabilities and Provisions		7,45,46,578		6,46,98,844	
Net Current Assets			7,27,87,756		6,25,70,167
Miscellaneous Expenditure	13		10,91,483		14,55,311
(To the extent not written off or adjusted)					
	TOTAL		23,73,51,204		22,41,34,843
Significant Accounting Policies and Notes on Accounts					
	19				

The Schedules referred to above form an integral part of the Balance Sheet.

In terms of our report of even date attached

For Jain & Co

Chartered Accountants

Firm Registration No.302023E

(M.K.JAIN)

Partner

Membership No.55048

P-21/22, Radhabazar Street

Kolkata - 700001

Dated : 13th Day of May, 2011

A. KANORIA Wholetime Director

U. KANORIA
G. MOMEN Directors

N. NAYAR

G. R. BANKA



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2011

	<u>SCHEDULES</u>	<u>31/03/2011</u>		<u>31/03/2010</u>	
		Rs.	Rs.	Rs.	Rs.
INCOME					
Sales			31,07,05,959		26,82,61,503
Other Income	14		42,10,889		42,71,513
Increase/(Decrease) in Stock			(61,50,606)		1,36,62,750
			<u>30,87,66,242</u>		<u>28,61,95,766</u>
EXPENDITURE					
Purchase of Tea			53,319		-
Cultivation and Manufacturing Expenses	15		13,56,28,980		12,23,40,224
Payments to and Provisions for Employees	16		5,58,59,302		4,75,87,026
Selling and Distribution Expenses	17		1,65,93,691		1,68,78,057
Other Expenses	18		3,91,41,477		3,60,65,492
Interest :					
On Term Loans		83,24,655		69,92,834	
On Cash Credit		39,04,865		36,38,948	
On Fixed Deposits		7,96,473		6,34,421	
On Cumulative Deposits		1,44,641		1,46,285	
Others		<u>13,15,651</u>		<u>10,84,227</u>	
Depreciation			1,44,86,285		1,24,96,715
			73,87,549		64,87,621
			<u>26,91,50,603</u>		<u>24,18,55,135</u>
Profit Before Taxation			<u>3,96,15,639</u>		<u>4,43,40,631</u>
Less : Provision for Taxation :-					
Current Tax			77,64,773		56,46,059
Income Tax for Earlier Years			16,22,769		-
Deferred Tax			(12,39,861)		(1,37,21,364)
Provision for MAT Credit Entitlement Written Back			-		15,14,614
Profit After Taxation			<u>3,14,67,958</u>		<u>5,09,01,322</u>
Add : Surplus from Previous Year			5,13,26,926		22,49,296
Balance Available for Appropriation			<u>8,27,94,884</u>		<u>5,31,50,618</u>
Appropriations					
Transfer to General Reserve		31,46,800		-	
Proposed Dividend		88,18,045		17,07,609	
Dividend Distribution Tax on Proposed Dividend		<u>5,72,203</u>		<u>1,16,083</u>	
			<u>1,25,37,048</u>		<u>18,23,692</u>
Balance Carried to Balance Sheet			<u>7,02,57,836</u>		<u>5,13,26,926</u>
Earnings per Share Rs. (Refer Note No.11 of Schedule 19)					
Basic			18.26		102.06
Diluted			18.26		29.64

Significant Accounting Policies and Notes on Accounts

19

The Schedules referred to above form an integral part of the Profit & Loss Account

In terms of our report of even date attached

For Jain & Co

Chartered Accountants

Firm Registration No.302023E

(M.K.JAIN)

Partner

Membership No.55048

P-21/22, Radhabazar Street

Kolkata - 700001

Dated : 13th Day of May, 2011

A. KANORIA

Wholetime Director

U. KANORIA

G. MOMEN

N. NAYAR

G. R. BANKA

Directors

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

Particulars	31/03/2011 (Rs.)	31/03/2010 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax & Extraordinary items	3,96,15,639	4,43,40,631
Interest paid	1,44,86,285	1,24,96,715
Depreciation	73,87,549	64,87,621
Interest Received	(22,66,423)	(13,28,270)
(Profit)/Loss on Fixed Assets Sold	(4,25,536)	(7,539)
Dividend Received	(11,13,973)	(12,60,495)
Round Off of Fractional Shares	6	-
Demerger Expenses Written Off	3,63,828	3,63,828
(Profit)/Loss on Sale of Investment	12,42,014	-
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,92,89,389	6,10,92,491
ADJUSTMENT FOR :		
Trade & Other Receivables	(1,90,22,269)	1,21,86,922
Inventories	45,71,158	(1,44,77,860)
Trade & Other Payables	(17,86,277)	(20,34,496)
CASH GENERATED FROM OPERATIONS	4,30,52,001	5,67,67,057
Interest Paid/Payable	(1,44,86,285)	(1,24,96,715)
Income tax paid (Net of Refund)	(1,15,84,489)	(33,82,024)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	1,69,81,227	4,08,88,318
Extra Ordinary Items	-	-
NET CASH FLOW FROM OPERATING ACTIVITIES	1,69,81,227	4,08,88,318
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(83,85,359)	(2,10,86,990)
Fixed Assets Sold	7,58,000	4,45,000
Interest Received	22,66,423	13,28,270
Dividend Received	11,13,973	12,60,495
(Profit)/Loss on Sale of Investment	(12,42,014)	-
Purchase of Investments	(1,54,79,018)	(2,00,002)
Sale of Investments	1,27,81,764	-
Net Cash Flow from Investing Activities	(81,86,231)	(1,82,53,227)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in borrowings from Banks	33,18,227	(1,67,81,539)
Long Term Borrowings	(95,41,846)	37,42,743
Increase in Intercorporate Loans and others	(13,97,875)	(59,21,877)
Demerger Expenses	-	(18,19,139)
NET CASH USED IN FINANCING ACTIVITIES	(76,21,494)	(2,07,79,812)
CASH AND CASH EQUIVALENTS AS AT (OPENING BALANCE)	48,81,442	30,26,163
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	11,73,502	18,55,279
CASH AND CASH EQUIVALENTS AS AT (CLOSING BALANCE)	60,54,944	48,81,442

Notes

- The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 - Cash Flow Statement referred to in The Companies (Accounting Standards) Rules, 2006.
- Cash and cash Equivalents represent cash and bank balances. Refer Schedule No. 10 for details of Cash & Bank Balances.
- Figures in brackets indicate Cash outflow.
- Previous year's figures have been regrouped/rearranged, wherever considered necessary to confirm to this year's classification.

In terms of our report of even date attached

For Jain & Co

Chartered Accountants

Firm Registration No.302023E

(M.K.JAIN)

Partner

Membership No.55048

P-21/22, Radhabazar Street

Kolkata - 700001

Dated : 13th Day of May, 2011

A. KANORIA | Wholtime Director

U. KANORIA |
G. MOMEN | DirectorsN. NAYAR |
G. R. BANKA |



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

	<u>31/03/2011</u>	<u>31/03/2010</u>
	Rs.	Rs.
SCHEDULE '1A'		
SHARE CAPITAL		
Authorised		
20,00,000 (Previous Year 5,00,000) Equity Shares of Rs.10/- each	2,00,00,000	50,00,000
1,00,000 Non Cumulative Redeemable Preference Shares of Rs.100/- each	<u>1,00,00,000</u>	<u>1,00,00,000</u>
	<u>3,00,00,000</u>	<u>1,50,00,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
1707609 Equity Shares of Rs.10/- each fully paid up (Out of the above, 12,11,609 Equity Shares of Rs.10/- each were allotted pursuant to Scheme of Arrangement sanctioned by the Hon'ble High Court at Calcutta without payment being received in cash)	1,70,76,090	49,60,000
40,000 7% Non Cumulative Redeemable Preference Shares of Rs.100/- each (Redeemable at par on 17/04/2023)	40,00,000	40,00,000
	<u>2,10,76,090</u>	<u>89,60,000</u>

SCHEDULE '1B'

SHARE CAPITAL SUSPENSE

Equity Shares of Rs.10/- each fully paid up to be issued pursuant to Scheme of Arrangement sanctioned by the Hon'ble High Court at Calcutta without payment being received in cash	-	<u>1,21,16,084</u>
	<u>-</u>	<u>1,21,16,084</u>

SCHEDULE 2

RESERVES & SURPLUS

	Balance as on <u>April 1, 2010</u>	Additions	Deduction	Balance as on <u>March 31, 2011</u>
	Rs	Rs.	Rs.	Rs.
General Reserve	1,89,60,000	36,62,128*	-	2,26,22,128
Preference Share Redemption Reserve	40,00,000	-	-	40,00,000
Statutory Reserve (under Reserve Bank of India Act, 1934)	5,15,328	-	5,15,328	-
Surplus as per Profit & Loss Account annexed	5,13,26,926	1,89,30,910	-	7,02,57,836
	<u>7,48,02,254</u>	<u>2,25,93,038</u>	<u>5,15,328</u>	<u>9,68,79,964</u>

* includes transfer of Rs.5,15,328/-, being statutory reserve (under Reserve Bank of India Act, 1934)

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011**

SCHEDULE 3	31/03/2011		31/03/2010	
	Rs.	Rs.	Rs.	Rs.
SECURED LOANS				
A. Term Loan from Punjab National Bank under National Bank for Agricultural and Rural Development Refinance Scheme :				
Interest accrued and due on Term Loan		4,64,14,105		5,78,63,594
B. Working Capital Loan from Punjab National Bank		74,82,128		46,37,813
C. From Tea Board		3,86,35,510		3,53,17,283
Under Special Purpose Tea Fund Scheme		54,90,957		54,90,957
D. Car Loan against Hypothecation of Cars				
i) From ICICI Bank Limited	7,45,493		10,53,728	
ii) From HDFC Bank Limited	22,56,506		28,84,943	
		30,01,999		39,38,671
		10,10,24,699		10,72,48,318

I) SECURITIES

- a. Term Loan from Bank is secured by hypothecation of tea crops, plant & machinery, spare parts and furniture etc., present and future, and by extension of equitable mortgage by deposit of title deeds of Tea Estates and also further guaranteed by a director.
- B. Working Capital Loan is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit and/or lying with brokers relating to season 2011, book debts and by way of equitable mortgage of immovable properties and machineries of Tea Estates as collateral security and further guaranteed by a director.
- C. Loan from Tea Board is secured by hypothecation of tea crops and mortgage of title deeds of tea estates in favour of Tea Board ranking subsequent to charge created in favour of the Punjab National Bank.
- D. Car Loans are secured by hypothecation of Motor cars.
- II) Term Loan repayable within one year Rs.98,24,230/- (Previous Year Rs.1,23,86,161/-)

SCHEDULE 4**UNSECURED LOANS**

From Bodies Corporate	71,30,500	80,14,420
Interest Accrued and Due	4,42,682	3,58,943
Fixed Deposits (From Directors and Relatives)	71,20,000	73,85,000
Cumulative Deposits (From Directors and Relatives)	7,50,000	10,82,694
	1,54,43,182	1,68,41,057

SCHEDULE 5**DEFERRED TAX LIABILITY**

Deferred Tax Liability being the Tax impact on -
Difference of Written Down Value of Fixed Assets as per
Income Tax Laws and Books

	41,71,198	56,07,113
	41,71,198	56,07,113

Deferred Tax Asset being the Tax impact on -
Expenses charged in books but allowance thereof
deferred under Income Tax Laws

	12,43,929	14,39,983
	12,43,929	14,39,983

Deferred Tax Liability (Net)	29,27,269	41,67,130
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SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE '6'

FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.2010 Rs.	Additions Rs.	Sales and/or Adjustments Rs.	As at 31.03.2011 Rs.	Up to 01.04.2010 Rs.	Additions Rs.	Deductions Rs.	Up to 31.03.2011 Rs.	As at 31.03.2011 Rs.	As at 31.03.2010 Rs.
Land & Plantation	3,03,38,738	-	-	3,03,38,738	-	-	-	-	3,03,38,738	3,03,38,738
Building & Water Supply Installation	1,70,50,492	1,80,000	-	1,72,30,492	3,98,854	4,03,959	-	8,02,813	1,64,27,679	1,66,51,638
Machinery & Electric Installation	4,71,97,559	69,83,021	21,20,809	5,20,59,771	37,49,018	47,05,070	20,77,276	63,76,812	4,56,82,959	4,34,48,541
Vehicles	1,03,37,594	10,98,850	8,09,705	1,06,26,739	87,718	13,81,851	5,20,774	9,48,795	96,77,944	1,02,49,876
Furniture & Fittings	98,76,483	1,93,488	-	1,00,69,971	8,88,262	8,96,669	-	17,84,931	82,85,040	89,88,221
Total	11,48,00,866	84,55,359	29,30,514	12,03,25,711	51,23,852	73,87,549	25,98,050	99,13,351	11,04,12,360	10,96,77,014
Advance for Capital Expenditure									-	70,000
Grand Total									11,04,12,360	10,97,47,014
Previous Year	9,54,98,173	2,11,03,923	18,01,230	11,48,00,866	-	64,87,621	13,63,769	51,23,852	10,96,77,014	-



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE 7 INVESTMENTS (AT COST)	Face Value		31/03/2011		31/03/2010	
	Rs.	Number	Rs.	Number	Rs.	Number
1. LONG TERM : OTHER THAN TRADE AT COST IN SHARES						
I. Quoted Shares						
Gujarat Nylons Limited	10/-	100	3,468	100	3,468	
Warren Tea Limited	10/-	10	2,133	10	2,133	
The Methoni Tea Co. Limited	10/-	100	12,688	100	12,688	
Mangalore Refinery & Petrochemicals Ltd.	10/-	200	5,900	200	5,900	
Oriental Carbon & Chemicals Limited	10/-	3,11,179	21,55,035	3,11,179	21,55,035	
Kanco Enterprises Limited	10/-	33,14,291	3,53,55,657	33,14,291	3,53,55,657	
India Glycols Ltd	10/-	-	-	6,600	24,13,875	
Srei Infrastructure & Leasing Limited	10/-	3,985	5,20,193	2,214	5,20,193	
Electro Steel Castings Limited	10/-	2,000	1,80,767	2,000	1,80,767	
Reliance Industries Limited	10/-	3,150	30,41,457	650	11,07,115	
Balrampur Chini Mills Ltd.	1/-	7,000	5,02,696	-	-	
Dhampur Sugar Mills Ltd.	10/-	20,000	14,01,617	-	-	
Gujarat Gas Co Ltd.	2/-	2,000	7,56,603	-	-	
IDBI Bank Ltd.	10/-	5,000	7,15,871	-	-	
[Market Value Rs. 5,21,29,877/- (Previous Year Rs. 6,12,23,211/-)]			(A)	4,46,54,085	4,17,56,831	
II. Unquoted Shares						
The Grob Tea Co. Limited	10/-	150	12,120	150	12,120	
Rydak Syndicate Limited	10/-	100	12,688	100	12,688	
E. T. Resources Private Limited	10/-	81,244	12,54,025	81,244	12,54,025	
B. T. Investments Private Limited	10/-	81,244	11,06,897	81,244	11,06,897	
Cosmos Resources Private Limited	10/-	2,68,351	9,63,240	2,68,351	9,63,240	
Facitcon Investments Private Limited	10/-	3,01,000	12,76,394	3,01,000	12,76,394	
S. T. Investment Private Limited	10/-	1,59,500	15,98,250	1,59,500	15,98,250	
Nidhi Private Limited	10/-	1,60,000	4,02,050	1,60,000	4,02,050	
Innova Properties Pvt. Ltd.	10/-	77,500	7,78,875	77,500	7,78,875	
Suryasakti Commodities Pvt. Ltd.	10/-	46,000	4,62,300	46,000	4,62,300	
OCL Investments & Leasing Ltd.	10/-	5,36,000	5,38,681	5,36,000	5,38,681	
			(B)	84,05,520	84,05,520	
TOTAL LONG TERM INVESTMENTS [A + B]				5,30,59,605	5,01,62,351	
2. CURRENT INVESTMENTS : UNQUOTED						
Principal Floating Rate Fund (Market Value Rs.Nil (P.Y. Rs.2,00,164/-)	10/		-	13,977.80	2,00,000	
TOTAL CURRENT INVESTMENTS			(C)	-	2,00,000	
TOTAL INVESTMENTS [A + B + C]				5,30,59,605	5,03,62,351	

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011**

SCHEDULE 8	31/03/2011		31/03/2010	
	Rs.	Rs.	Rs.	Rs.
INVENTORIES (as per inventories taken, valued and certified by the management)				
Stores, Spare Parts and Food Grains		79,82,143		71,09,824
Stores in Transit		10,01,322		2,94,194
Stock in Trade: Finished Tea		2,55,79,305		3,17,29,910
		<u>3,45,62,770</u>		<u>3,91,33,928</u>
SCHEDULE 9				
SUNDRY DEBTORS(Unsecured,Considered Good)				
Over Six Months				
(a) Considered Good		56,581		39,546
(b) Considered Doubtful		-		6,25,620
		<u>56,581</u>		<u>6,65,166</u>
Less : Bad Debts Written Off		-		6,25,620
		<u>56,581</u>		<u>39,546</u>
Others - Considered Good		12,74,705		24,48,472
		<u>13,31,286</u>		<u>24,88,018</u>
SCHEDULE 10				
CASH AND BANK BALANCES				
Cash in Hand (Certified by the management)		15,66,696		14,46,490
Balances with Scheduled Banks				
In Current Accounts		27,44,648		29,07,188
In Unpaid Dividend Account		85,206		-
In Fixed Deposit Account		16,58,394		5,27,764
		<u>60,54,944</u>		<u>48,81,442</u>
SCHEDULE 11				
LOANS AND ADVANCES(Unsecured,Considered Good)				
Loans (Unsecured and considered good)		7,49,24,032		5,70,69,692
Interest accrued and due on Unsecured Loan		17,87,698		7,51,233
Advances recoverable in cash or in kind or for value to be received		98,73,776		87,75,324
Prepaid Expenses		22,04,734		23,19,836
Housing Subsidy Receivable		53,862		53,862
Balances with Excise Department		25,546		33,085
Deposits		90,67,226		85,71,206
Interest accrued and due on Deposits		4,35,908		6,19,543
Sales Tax Refundable		5,156		5,156
Income Tax Refundable		32,029		32,029
Tax Deducted at Source		4,35,543		7,54,657
Advance payment of Tax		65,39,824		17,80,000
		<u>10,53,85,334</u>		<u>8,07,65,623</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011**

	31/03/2011		31/03/2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 12				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities :				
Sundry Creditors				
Due to Micro, Small and Medium Enterprises (Refer Note No.4 of Schedule 19)	-		-	
Others	3,95,28,708		3,61,20,174	
		3,95,28,708		3,61,20,174
Advances against Consignment of Tea		1,71,96,597		2,07,05,209
Unpaid Dividend *		85,206		-
Interest accrued but not due on Cumulative Deposits		3,54,665		3,02,378
		<u>5,71,65,176</u>		<u>5,71,27,761</u>
*No amount is required to be transferred to Investor Education and Protection Fund as on 31/03/2011				
Provisions :				
For Taxation		79,91,154		57,47,391
For Proposed Dividend		88,18,045		17,07,609
For Tax on Proposed Dividend		5,72,203		1,16,083
		<u>1,73,81,402</u>		<u>75,71,083</u>
		<u>7,45,46,578</u>		<u>6,46,98,844</u>
SCHEDULE 13				
MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted)				
Demerger Expenses		10,91,483		14,55,311
		<u>10,91,483</u>		<u>14,55,311</u>
SCHEDULE 14				
OTHER INCOME				
Interest (Gross) (Tax Deducted at source Rs.2,24,072/- Previous Year Rs.1,25,051/-)				
On Unsecured Loans	21,47,957		8,34,703	
On Fixed Deposit with Banks	57,592		39,214	
From Others	60,874		4,54,353	
		22,66,423		13,28,270
Subsidy Received from Tea Board				
Replanting Subsidy	-		4,68,095	
Under SPTF Scheme	-		10,98,192	
Orthodox Subsidy	16,430		1,06,661	
		16,430		16,72,948
Dividend Received		11,13,973		12,60,495
Profit on Sale of Fixed Assets (Net)		4,25,536		7,539
Difference in share transactions		15,985		-
Adjustment relating to previous years (Net)		3,63,303		(2,114)
Miscellaneous Receipt		9,239		4,375
		<u>42,10,889</u>		<u>42,71,513</u>

**SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011**

	31/03/2011		31/03/2010	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE 15				
CULTIVATION AND MANUFACTURING EXPENSES				
Cultivation Expenses		4,84,15,448		4,97,04,230
Manufacturing Expenses		6,46,44,586		5,10,38,091
Including Purchase of Green Tea Leaves Rs.3,62,41,647/- (Previous Year Rs.2,52,05,914)				
Power & Fuel		1,69,38,403		1,72,88,345
Stores and Spares Consumed		24,14,877		13,62,421
Tea Chest, Paper Sacks and Bags		25,95,627		23,27,458
Cess		6,20,039		6,19,679
		<u>13,56,28,980</u>		<u>12,23,40,224</u>
SCHEDULE 16				
PAYMENTS TO AND PROVISIONS FOR EMPLOYEES (including Managerial Remuneration)				
Salaries, Wages and Bonus		3,17,31,683		3,37,50,747
Gratuity		92,53,948		1,61,284
Contribution to Provident and Other Funds		53,93,912		46,18,637
Welfare Expenses		94,79,759		90,56,358
		<u>5,58,59,302</u>		<u>4,75,87,026</u>
SCHEDULE 17				
SELLING AND DISTRIBUTION EXPENSES				
Freight and Other Sales Charges		1,14,77,224		1,24,14,709
Brokerage, Commission and Discount on Sales				
To Selling Agents	17,73,067		18,07,457	
To Others	<u>33,43,400</u>		<u>26,55,891</u>	
		51,16,467		44,63,348
		<u>1,65,93,691</u>		<u>1,68,78,057</u>
SCHEDULE 18				
OTHER EXPENSES				
Rent		13,75,742		25,80,319
Insurance Charges		15,57,932		7,83,742
Rates & Taxes		30,05,803		28,35,963
Transport & Maintenance		74,17,397		65,90,453
Miscellaneous Expenses		1,20,63,767		1,15,25,607
Bad Debts Written Off		-		6,25,620
Loss on Sale of Investments (Net)		12,42,014		-
Difference in Foreign Exchange Rate (Net)		-		20,14,307
Repairs :				
Machinery	33,03,370		36,41,429	
Building	49,13,043		49,58,342	
Others	<u>1,48,081</u>		<u>1,21,382</u>	
		83,64,494		87,21,153
Directors' Fees		2,30,500		4,500
Demerger Expenses Written Off		3,63,828		3,63,828
Donation		35,20,000		20,000
		<u>3,91,41,477</u>		<u>3,60,65,492</u>



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE 19

NOTES ON ACCOUNTS

	31st March, 2011 Rs.	31st March, 2010 Rs.
1. Contingent liabilities not provided for :		
Irrevocable Stand by Revolving Letter of Credit issued in favour of GAIL (India) Ltd.	3,84,593	4,01,746
Bank Guarantee issued in favour of Sales Tax Authorities, West Bengal	5,62,500	-
2. Estimated amount of contracts remaining to be executed on capital account for Rs. Nil (P.Y. Rs.1,28,900/-) but not provided for.		
3. Miscellaneous Expenses include payments to Auditors as under :		
Statutory Auditors :		
Audit Fees	71,695 *	71,695 *
Tax Audit Fees	22,060 *	22,060 *
Other Matters	54,939 *	59,308 *
Re-imbusement of Expenses	4,600	4,275
	<u>1,53,294</u>	<u>1,57,338</u>

*** Includes Service Tax**

4. Sundry Creditors do not include any amount due (Previous Year Rs. Nil/-) from suppliers as defined under the "Micro Small & Medium Enterprises Development Act, 2006" as per the information available with the Company.
5. Prior period adjustments represent a sum of Rs. 3,63,303 (net credit) [Previous Year Rs. 2,114 (net debit)] shown under "OTHER INCOME" in Schedule '14'.
6. 27050 units of shares costing Rs. 90,60,774 was purchased and 27050 units of shares were sold for Rs. 94,23,092 during the year
7. Additional Information pursuant to the provisions of Part II of the Schedule VI of the Companies Act, 1956 :

A. Licenced and Installed Capacity and Actual Production :

Class of Goods	<u>LICENCED CAPACITY</u>		<u>INSTALLED CAPACITY</u>		<u>SALEABLE PRODUCTION</u>	
	2010-11	2009-2010	2010-11	2009-2010	2010-11	2009-2010
Black Tea	Not Applicable	Not Applicable	Not Applicable	Not Applicable	*20,28,671 kgs	*20,22,973 kgs

* Production Quantity in Gross (Waste, Gratis, etc. not excluded)

B. Opening and Closing Stock of Goods Produced :

Class of Goods	Unit	Opening Stock				Closing Stock			
		2010-2011		2009-2010*		2010-2011		2009-2010	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Black Tea	Kgs.	2,70,622	3,17,29,910	1,63,252	1,80,67,161	1,87,358	2,55,79,305	2,70,622	3,17,29,910
			<u>3,17,29,910</u>		<u>1,80,67,161</u>		<u>2,55,79,305</u>		<u>3,17,29,910</u>

* Stocks taken over pursuant to Scheme of Arrangement.

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011
SCHEDULE 19 (Contd.)
C. Particulars in respect of Purchases and Sales :

Class of Goods	Unit	PURCHASES				SALES			
		2010-2011		2009-2010		2010-2011		2009-2010	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
Black Tea	Kgs.	350	53,319	-	-	20,90,264*	31,07,05,959	1,90,15,59*	26,82,61,503
Green Tea Leaves	Kgs.	20,07,459	3,62,41,647	14,01,537	2,52,05,914	-	-	-	-
			<u>3,62,94,966</u>		<u>2,52,05,914</u>		<u>31,07,05,959</u>		<u>26,82,61,503</u>

* [Include Sales of Black Tea 350 Kgs (P.Y. Nil Kgs.) Value Rs. 51,268/- (P.Y. Rs. Nil) and Waste, Gratis, etc Kgs Nil (P.Y. 7500 Kgs)]

D. Details of Raw Materials Consumed :

Green Tea Leaves Consumed (Raw Materials) 85,43,819 Kgs. (P.Y. 88,30,761 Kgs) of which 20,07,459 Kgs. (P.Y. 14,01,537 Kgs) Purchased - Value Rs. 3,62,41,647/- (P.Y.Rs.2,52,05,914/-)

E. Value of Raw Materials, Spares Parts and Components Consumed :

	RAW MATERIALS				SPARE PARTS & COMPONENTS CONSUMED			
	2010-2011		2009-2010		2010-2011		2009-2010	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Imported	-	-	-	-	-	-	-	-
Indigenous	-	-	-	-	24,14,877	100	13,62,421	100
	-	-	-	-	<u>24,14,877</u>	<u>100</u>	<u>13,62,421</u>	<u>100</u>

F. Value of Imports on C.I.F. Basis :

	2010-2011	2009-2010
	Rs.	Rs.
Spare Parts	-	-
Capital Goods	1,19,726	-
	<u>1,19,726</u>	<u>-</u>

G. Expenditure in Foreign Currency :

	2010-2011	2009-2010
	Rs.	Rs.
Travelling Expenses	24,89,312	30,80,519
Subscription	90,707	1,36,258
Others	-	3,607
	<u>25,80,019</u>	<u>32,20,384</u>

H. Earnings in Foreign Currency :

	2010-2011	2009-2010
	Rs.	Rs.
F.O.B. Value of Exports	-	-
Direct	-	-
Through Export House	-	-
(Certified by the Management)	-	-
	<u>-</u>	<u>-</u>

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011
SCHEDULE 19 (Contd.)

8. Computation of Net Profit under Section 198 of the Companies Act, 1956 read with Section 349 of the Act for the purpose of calculating Directors' Remuneration :

	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
Profit as per Profit & Loss Account :		3,96,15,639		4,43,40,631
Add : Director's Remuneration (As per details below)	26,30,080		3,19,000	
Directors' Fees	2,30,500		4,500	
		<u>28,60,580</u>		<u>3,23,500</u>
		4,24,76,219		4,46,64,131
Less : Profit on Fixed Assets Sold (Net)		4,25,536		7,539
Net Profit for the purpose of Computation of Director's Remuneration		<u>4,20,50,683</u>		<u>4,46,56,592</u>

Remuneration including actual / estimated value of perquisites paid to Wholtime Director in terms of approval as per details below :

Director's Remuneration :	Rs.	Rs.
Salary	12,60,000	2,00,000
Contribution to Provident and Superannuation Fund	3,40,200	59,000
Commission @2% on Net Profit	8,41,014	-
Other Benefits	1,88,866	60,000
	<u>26,30,080</u>	<u>3,19,000</u>

Liability for gratuity is provided for on actuarial basis for the Company as a whole. The amount pertaining to directors is not ascertainable and, therefore, not included above.

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

- a. Defined Contribution Plan :

Contribution to Defined Contribution Plan, recognised as expense for the year included in "Payments to and provision for Employees" in Schedule- 16 to the Profit & Loss Account is as under :

Particulars	2010-2011	2009-2010
Employer's Contribution to Provident and other Funds	53,93,966	46,18,685

- b. Defined Benefit Plans :

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

Particulars	Gratuity (Funded)	
	2010-2011	2009-2010
a. Present value of Defined Benefit obligation at the beginning of the year	1,55,09,274	1,33,84,162
b. Interest cost	12,40,742	10,70,733
c. Current service cost	10,26,593	9,04,161
d. Actuarial Losses/(Gains)	34,98,901	(6,08,454)
e. Benefits paid	(25,20,699)	(18,40,347)
f. Present value of Defined Benefit Obligation at the close of the year	<u>1,87,54,811</u>	<u>1,29,10,255</u>

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011
SCHEDULE 19 (Contd.)

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

Particulars	Gratuity (Funded)	
	2010-2011	2009-2010
a. Fair value of Plan Assets at the beginning of the year	-	46,98,189
b. Add: Expected return on Plan Assets	5,63,612	4,61,028
c. Add/Less: Actuarial Losses/(Gains)	-	-
d. Add: Contributions	1,21,23,649	22,51,084
e. Benefits Paid	(25,20,699)	(18,40,347)
f. Fair value of Plan Assets at the close of the year	1,01,66,562	55,69,954

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

a. Present value of Defined Benefit obligation	1,87,54,811	1,29,10,255
b. Fair value of plan Assets	1,01,66,562	55,69,954
c. Present value of unfunded obligation	(85,88,249)	(73,40,301)
d. Net Liability/(Asset) recognised in the Balance Sheet	(85,88,249)	(73,40,301)

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

a. Current Service Cost	10,26,593	9,04,161
b. Interest Cost	12,40,742	10,70,733
c. Expected return on Plan Assets	(5,63,612)	(4,61,028)
d. Actuarial Losses/(Gains)	34,98,901	(6,08,454)
e. Recognised in the Profit and Loss Account	52,02,624	9,05,412

v. Actuarial Assumptions at the Balancesheet date :

a. Discount Rate	8%	8%
b. Expected rate of return on Plan Assets	8%	8%
c. Salary Escalation rate- Management Staff	5%	3%
d. Salary Escalation rate- Non Management Staff	5%	3%

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

vi. Amount recognised as an expense in respect of Compensated Leave Absences is Rs.6,06,817/- [P.Y. Rs.(73,601/-)] based on actuarial valuation.

vii. Current year figures are not comparable with that of previous year in view of creation of new fund with LIC of India consequent to Scheme of Arrangement.

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011
SCHEDULE 19 (Contd.)
10. Related Party Disclosures

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

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

Mrs. A. Kanoria
Mr. U. Kanoria
Miss S. Kanoria
Master S. Kanoria

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

B.T.Investments Pvt. Ltd
Cosmos Resources Pvt. Ltd
E.T.Resources Pvt. Ltd
Facitcon Investments Private Limited
Innova Properties Pvt. Ltd.
Kanco Enterprises Limited
Milan Agencies Pvt. Ltd.
Nidhi Pvt Limited
OCL Investments & Leasing Ltd.
S.T.Investment Pvt. Ltd.
Suryasakti Commodities Pvt. Ltd.

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

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

Particulars	2010-2011 Rs		2009-2010 Rs.	
	In Relation to Item 1(i)	In Relation to Item 1(ii)	In Relation to Item 1(i)	In Relation to Item 1(ii)
a. Rent Paid				
1. Milan Agencies Pvt. Ltd.	—	3,60,000	—	3,60,000
2. Innova Properties Pvt. Ltd.	—	2,52,000	—	2,58,000
3. Suryasakti Commodities Pvt. Ltd.	—	3,60,000	—	—
b. Intercorporate Loan Given				
1. Innova Properties Pvt. Ltd.	—	15,000	—	—
2. S.T.Investment Pvt. Ltd.	—	1,98,95,000	—	1,04,14,000
3. Nidhi Pvt. Ltd.	—	—	—	3,14,000
4. B.T.Investments Pvt. Ltd.	—	—	—	19,500
c. Intercorporate Loan Received				
1 Nidhi Pvt. Ltd.	—	36,71,000	—	—
2. B.T.Investments Pvt. Ltd.	—	3,52,000	—	—
3. Cosmos Resources Pvt. Ltd.	—	4,08,080	—	7,000
4. E.T.Resources Pvt. Ltd.	—	2,95,000	—	90,000
5. Suryasakti Commodities Pvt. Ltd.	—	2,00,000	—	3,96,000
6. Facitcon Investments Pvt. Ltd.	—	64,000	—	36,500
7. Milan Agencies Pvt. Ltd.	—	3,50,000	—	31,000
8 Innova Properties Pvt. Ltd.	—	—	—	1,19,000

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011
SCHEDULE 19 (Contd.)

d. Interest Free Loan Given				
1. Mr. U. Kanoria	14,50,000	—	4,50,000	—
2. Kanco Enterprises Limited	—	11,68,341	—	—
e. Interest Free Loan Received				
1. Kanco Enterprises Limited	—	—	—	5,20,074
f. Fixed Deposits Received				
1. Stuti Welfare Trust	—	—	—	—
2. Satvik Welfare Trust	—	—	32,694	—
g. Fixed Deposits Paid				
1. Stuti Welfare Trust	3,40,000	—	—	—
2. Satvik Welfare Trust	2,57,694	—	—	—
h. Remuneration Paid				
1. Mrs. A. Kanoria	26,30,080	—	4,29,625	—
2. Miss.S. Kanoria	19,000	—	—	—
i. Director Fees				
1. Mr. U. Kanoria	50,000	—	—	—
j. Interest Paid				
1. Stuti Welfare Trust	47925	—	63,145	—
2. Satvik Welfare Trust	123188	—	1,25,490	—
3. Umang Kanoria H.U.F.	38500	—	38,500	—
4. Mrs.A.Kanoria	49500	—	49,500	—
5. Nidhi Pvt. Ltd.	—	43,480	—	—
6. B.T.Investments Pvt. Ltd.	—	29,136	—	6,648
7. Cosmos Resources Pvt. Ltd.	—	68,272	—	3,998
8. E.T.Resources Pvt. Ltd.	—	1,51,219	—	1,22,795
9. Suryasakti Commodities Pvt. Ltd.	—	836	—	—
10. Facitcon Investments Pvt. Ltd.	—	85,399	—	77,450
11. Milan Agencies Pvt. Ltd.	—	73,262	—	34,485
k. Interest Received				
1. Innova Properties Pvt. Ltd.	—	84,957	—	89,803
2. S.T. Investment Pvt. Ltd.	—	19,04,375	—	3,33,416
3. Nidhi Pvt. Ltd.	—	1,61,625	—	3,62,582
4. Suryasakti Commodities Pvt. Ltd.	—	—	—	1,79,094
5. Milan Agencies Pvt. Ltd.	—	—	—	2,40,000
l. Dividend Paid				
1. Mr. U. Kanoria	55,956	—	—	—
2. Mrs. A. Kanoria	18,329	—	—	—
3. Umang Kanoria H.U.F.	55,535	—	—	—
4. Miss S. Kanoria	42,574	—	—	—
5. Master S. Kanoria	17,341	—	—	—
6. E.T.Resources Pvt. Ltd.	—	2,79,084	—	—
7. B.T.Investments Pvt. Ltd.	—	2,49,520	—	—
8. Cosmos Resources Pvt. Ltd.	—	2,29,342	—	—
9. Facitcon Investments Pvt. Ltd.	—	86,650	—	—
10. OCL Investments & Leasing Ltd.	—	12,944	—	—
11. S.T.Investment Pvt. Ltd.	—	27,006	—	—
12. Innova Properties Pvt. Ltd.	—	12,000	—	—
13. Nidhi Pvt. Ltd.	—	31,000	—	—

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011
SCHEDULE 19 (Contd.)

m. Outstanding Balances at the end of the F.Y.				
i) Security Deposit				
1. Innova Properties Pvt. Ltd.	—	—	40,00,000	40,00,000
2. Milan Agencies Pvt. Ltd.	—	—	30,00,000	30,00,000
ii) (Payable)/ Receivable (Net)				
1. Mr.U.Kanoria	—	—	(25,000)	—
2. Umang Kanoria H.U.F	(3,50,000)	—	(3,50,000)	—
3. Satvik Welfare Trust	(7,20,000)	—	(9,77,694)	—
4. Stuti Welfare Trust	(1,50,000)	—	(4,90,000)	—
5. Mrs. A.Kanoria	(12,91,014)	—	(4,50,000)	—
6. Kanco Enterprises Limited	—	4,40,83,032	—	4,29,14,692
7. Nidhi Pvt. Ltd.	—	(5,46,132)	—	34,90,324
8. Innova Properties Pvt. Ltd.	—	6,98,761	—	6,90,823
9. Suryasakti Commodities Pvt. Ltd.	—	(1,40,836)	—	4,11,745
10. S.T.Investmnt Pvt. Ltd.	—	3,19,29,937	—	1,06,21,074
11. B.T.Investments Pvt. Ltd.	—	(4,17,377)	—	(46,483)
12. Cosmos Resources Pvt. Ltd.	—	(7,93,445)	—	(3,59,909)
13. E.T.Resources Pvt. Ltd.	—	(15,01,097)	—	(11,80,515)
14. Facitcon Investments Pvt. Ltd.	—	(7,91,859)	—	(7,20,705)
15. Milan Agencies Pvt. Ltd.	—	(8,44,936)	—	(174,036)

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

	31/03/2011 Rs.	31/03/2010 Rs.
Profit available for equity share holders	3,11,87,958	5,09,01,322
Weighted average number of Equity Shares of Rs.10/- each fully paid up	17,07,609	4,96,000
Earnings Per Share (in Re.)		
Basic	18.26	102.06
Diluted	18.26	29.64

12. **Segment Reporting**

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

13. In view of the deduction available u/s 80IE to the company, the provision for Income Tax has been made under section 115JB of the Income Tax Act,1956 and no provision for MAT Credit Entitlement has been made as the deduction is available for a total period of 10 years.

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE 19 (Contd.)

14. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

14. 1) **Basis of Accounting**

- (a) The financial statements are prepared in accordance with Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention on accrual basis and on principles of going concern. The accounting policies are consistently applied by the Company.
- (b) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- (c) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialised.

2) **Fixed Assets and Depreciation**

(a) Fixed Assets :

Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / duty credits availed or available thereon) and any attributable cost of bringing the asset to its working condition for the intended use.

(b) Depreciation :

- (i) Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956, whichever is higher. No write off is made in respect of leasehold land as these are long term leases.
- (ii) In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis.
- (iii) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- (iv) Cost of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-progress.

3) **Investments** :

- (i) Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.
- (ii) Current investments are carried at lower of cost and market value.

4) **Inventories** :

- (a) Stores and spares are valued at Weighted Average Cost basis.
- (b) Finished Tea is valued at net realisable value.

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE 19 (Contd.)

5) **Exchange Fluctuations**

Initial Recognition

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

Conversion

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

Exchange Differences

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

6) **Sales**

- a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Sale of goods is recognised in the accounts on passing of title of goods, i.e. delivery as per terms of sales.
- b) Purchases are net of VAT credit, Trade Discounts and claims.
- c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

7) **Government Grants and Subsidy**

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

8) **Employee Benefits**

(i) **Defined Contribution Plan :**

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

(ii) **Defined Benefit Plan :**

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

9) **Research & Development Expenses**

Revenue expenditure on Research and Development is charged as an expense through the normal heads of

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011**SCHEDULE 19 (Contd.)**

account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalized and is depreciated according to the policy followed by the Company.

10) Borrowing Cost

- a) Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.
- b) Other Borrowing costs are recognised as expense in the period in which they are incurred.

11) Taxes on Income

Tax expense comprises of current tax and deferred tax

- a) Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.
- b) Deferred Tax arising on account of “timing differences” and which are capable of reversal in one or more subsequent periods is recognised, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

12) Earnings per Share (EPS)

- a) Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.
- b) For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

13) Provisions & Contingent Liabilities

Provision involving substantial degree of estimation in measurements is 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 shown by way of notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

A Contingent Asset is not recognized in the Accounts.

14) Share Issue Expenses

Share Issue Expenses are amortised over a period of 5 years U/s 35D of the Income Tax Act, 1961

15) Prior Period Items

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



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH, 2011

SCHEDULE 19 (Contd.)

16) Information pursuant to Part IV of Schedule VI of the Companies Act, 1956 :

(i) Registration Details :			
Registration No.	L15491WB1983PLC035793	State Code	21
Balance Sheet Date	31.03.2011		
(ii) Capital Raised during the year (Amount in Rs.Thousand) :			
Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil
(iii) Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousand) :			
Total Liabilities		Total Assets	
Sources of Funds	2,37,351	Application of Funds	2,37,351
Paid-up Capital	21,076	Net Fixed Assets	1,10,412
Reserves & Surplus	96,880	Investments	53,060
Secured Loans	1,01,025	Net Current Assets	72,788
Unsecured Loans	15,443	Miscellaneous Expenditure	1,091
Deferred Tax Liability	2,927		
(iv) Performance of Company (Amount in Rs.Thousand) :			
Turnover			3,08,766
Total Expenditure			2,69,150
Profit Before Tax			39,616
Profit After Tax			31,468
Earnings per Share			
Basic			18.26
Diluted			18.26
Dividend Rate %			50%
(v) Generic Names of Three Principal Products / Services of the Company (as per monetary terms) :			
Item Code No.	09024002	Product Description	Black Tea

Signature to Schedules 1 to 19

Per Our Report Attached

For Jain & Co

Chartered Accountants

Firm Registration No.302023E

(M.K.JAIN)

Partner

Membership No.55048

P-21/22, Radhabazar Street

Kolkata - 700001

Dated : 13th Day of May, 2011

A. KANORIA Wholetime Director

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



KANCO TEA & INDUSTRIES LIMITED

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

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

ATTENDANCE SLIP

I hereby record my presence at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company being held at Bharatiya Bhasha Parishad, 36A, Shakespeare Sarani, Kolkata - 700 017 on Friday, the 29th July, 2011 at 11.30 A.M.

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



KANCO TEA & INDUSTRIES LIMITED

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

PROXY FORM

REGD. FOLIO / BENEFICIARY ID NO. :

NO. OF SHARES :

I/We

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

hereby appoint of

or failing him/her of

or failing him/her of

as my/our Proxy to attend and vote for me/ us and on my/our behalf at the TWENTY EIGHTH ANNUAL GENERAL MEETING of the Company to be held on Friday, the 29th July, 2011 at 11.30 A.M. and at any adjournment thereof.

Signed this day of 2011.

Signature _____

Affix
Revenue
Stamp

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