
**SALEM ERODE
INVESTMENTS LIMITED**

2010

CERTIFIED TRUE COPY



**REPORT
&
ACCOUNTS**

Salem Erode Investments Limited

Registration no : L 31200 WB 1931 PLC 007116
Registered on 16th May, 1931

Authorised	CAPITAL	Subscribed
Rs. 36,00,000	In equity shares of Rs 10/-	Rs. 13,19,550
Rs. 4,00,000	In 6 1/2% Cumulative Redeemable Preference shares of Rs 10/- each	Rs. Nil
<u>Rs. 40,00,000</u>		<u>Rs. 13,19,550</u>

Directors

PADMAKANORIA (MRS.)
KUSUMKANORIA (MRS.)
PRERANA GOENKA (MRS.)
V. N. PUROHIT

Auditors

D.K. CHHAJER & CO.

Bankers

UNITED BANK OF INDIA
HDFC BANK LTD.

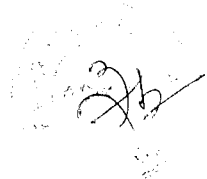
Registrar & Transfer Agents

NICHE TECHNOLOGIES PVT. LTD.

Registered Office

CERTIFIED TRUE COPY

14, MOTILAL NEHRU ROAD
KOLKATA - 700 029



NOTICE OF MEETING

NOTICE is hereby given that the Annual General Meeting of the Members of SALEM ERODE INVESTMENTS LIMITED, will be held at the Registered Office of the Company at 14, Motilal Nehru Road, Kolkata 700 029 on Friday, the 27th August, 2010 at 10.30 a.m. to transact the following business:

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the Audited Accounts for the year ended 31st March, 2010 and the Reports of the Directors and Auditors thereon.
- 2 To declare a dividend on Equity Shares of the Company.
- 3 To appoint a Director in place of Mrs P Kanoria who retires by rotation under Article 101 of the Company's Articles of Association and offers herself for reappointment.
- 4 To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

To consider and if thought fit to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION

"RESOLVED THAT Mrs Prerna Goenka and Mr V N Purohit Directors of the Company who holds office upto the date of this Annual General Meeting under Article 91 of the Company's Articles of Association, be and are hereby appointed as a Director of the Company liable to retire by rotation."

SPECIAL BUSINESS

Increase in sitting fees to Non-Executive Directors of the Company

To consider and, if thought fit to pass with or without modifications(s) the following Resolution as a SPECIAL RESOLUTION

"RESOLVED THAT in accordance with applicable provisions of the Companies Act, 1956 and Articles of Association of the Company approval of the Company be and is hereby accorded to increase the sitting fees payable to the Directors of the Company for attending the meetings of the Board from the existing fee of Rs. 200/- to Rs. 500/- per meeting with immediate effect."

Registered Office :
14, Motilal Nehru Road,
Kolkata 700 029
Date : 16th July, 2010.

By order of the Board
For Salem Erode Investments Ltd.

MRS PADMA KANORIA
Director

NOTES:

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF WHEREAS THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY 48 HOURS BEFORE THE MEETING.
- 2) The Register of the Members of the Company will be closed from 6th August, 2010 to 27th August, 2010 (both days inclusive.)
- 3) The dividend, as recommended by the Board, if passed at the meeting, will be paid on or after 10th September, 2010.
- 4) Members are hereby informed that Dividends which remain unclaimed / unencashed over a period of 7 years have to be transferred by the Company to The Investors Education & Protection Fund, constituted by the Central Government under Secs. 205(A) & 205(C) of the Companies Act, 1956.

Explanatory Statment pursuant to Section 173(2) of the Companies Act, 1956

Resolution No. 5.

Mrs Prerna Goenka and Mr V N Purohit were co-opted as an Additional Director of the Company on 30th April, 2010. Mrs Prerna Goenka and Mr V N Purohit holds office up to the date of this Annual General Meeting of the Company. The Company has received notice under section 257 of the Companies Act, 1956 proposing candidature of Mrs Prerna Goenka and Mr V N Purohit for the office of the Director and they are eligible for re - appointment. Hence, your approval is sought to the proposed Resolution. Your Board recomends the resolution.

Except Mrs Prerna Goenka and Mr V N Purohit themself, being the appointees, no other Director is interested in the Resolution.
Item No. 6.

Currently the Directors of the Company are paid Rs. 200/- as sitting fees for attending the meetings of the Board. In view of the time devoted by the directors for the meetings your Board is of the opinion that the sitting fees needs to be revised from Rs. 200/- to Rs. 500/- for attending meetings of the Board. Your Directors recommend passing of the resolution.

None of the Executive Directors of the Company are interested or concerned in passing of the resolution.

CERTIFIED TRUE COPY



DIRECTORS' REPORT

The Directors of your company are pleased to present Annual Report of the Company with the Accounts for the year ended 31st March, 2010.

	Rupees
Accounts	
The result of the year's working is as follows :	
Profit / (Loss) before Taxation	3,639,765
Provision for Taxation	
Current	(750,000)
Deferred	(155,527)
Profit / (Loss) after Taxation	2,734,238
Income Tax if earlier years	43,653
	<u>2,777,891</u>
Out of this, appropriations are :	
Transfer to General Reserve	(300,000)
Transfer to Statutory Reserve	(600,000)
Proposed Dividend	(395,865)
Corporate Tax on Dividend	(67,277)
	<u>1,414,749</u>
Balance brought forward	13,487,416
Balance Carried forward to the Balance Sheet	<u><u>14,902,165</u></u>

DIVIDEND:

Your Directors recommend a dividend of Rs.3/- per share on Equity Shares of Rs 10/- of the Company.

DIRECTORATE:

Mrs P Kanoria retire by rotation under Article 101 of the Company's Articles of Association and has offered herself for re-appointment.

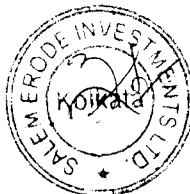
Mrs P Goenka and Mr V N Purohit, who were appointed as Additional directors, are to be confirmed as directors into the Annual General Meeting

SUBSIDIARY COMPANY:

In compliance with the requirements of Section 212 of the Companies Act, 1956 the Directors' Report and the Balance Sheet as at 31st March, 2010 of the subsidiary viz. M/s Osco Tea Ltd., and the relative Profit & Loss Account for the year ended 31st March, 2010 together with the Statements and Auditors' Report required in pursuance of that Section are annexed to the Company's Account.

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

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

CERTIFIED TRUE COPY

DIRECTORS' REPORT (Contd.)

PARTICULARS OF EMPLOYEES:

None of the employees of the Company was in receipt of remuneration aggregating to Rs.2,00,000/- per month or more and hence the particulars under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1988 have not been given.

AUDITORS:

M/s. D K Chhajer & Co., Chartered Accountants, retires from office and being eligible offer themselves for re-appointment.

DEMATERIALISATION OF SHARES:

Your Company has entered into an arrangement with Central Depository Services (India) Ltd. (CDSL) for dematerialisation of Company's Shares in accordance with the provisions of Depositories Act 1996, which is now fully operational and the ISIN no is **INE 894E01010**.

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors hereby confirm and declare that :

- 1) in preparation of Annual Accounts for the year ended 31st March, 2010 the applicable accounting standards has been followed.
- 2) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of financial year i.e., 31st March, 2010 and of the profit of the Company for that period.
- 3) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities
- 4) they had prepared the accounts for the year ended 31st March, 2010 as going concern basis.

COMPLIANCE CERTIFICATE:

Pursuant to section 383A of the Companies Act, 1956, a certificate from M/s. H.M. Choraria & Company, Company Secretary in whole time practice, as to whether the Company has complied with all the applicable provisions of the Companies Act, 1956 and the amendments, modifications, enactments, circulations, notices there has been attached.

Registered Office :

Kolkata 700 029

Date : 16th July, 2010.

For and on behalf of the Board of Directors.

14, Motilal Nehru Road,

MRS. PADMAKANORIA

Director

CERTIFIED TRUE COPY



COMPLIANCE CERTIFICATE**IIM CHORARIA & CO**

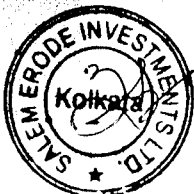
Practising Company Secretaries,
14/2, Old China Bazar Street,
Kolkata 700 001.

Registration No of the Company 21— L 31200 WB 1931 PLC 007116
Nominal Capital - Rs 40,00,000/-

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

We have examined the registers, records, books and papers of Salem Erode Investments Ltd as required to be maintained under the Companies Act, 1956, and rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a limited company has more than the minimum prescribed paid-up capital of Rs. 5 Lacs
4. The Board of Directors duly met five times respectively on 29th April 2009, 15th July 2009, 31st July 2009, 23rd October 2009 and 29th January 2010 in respect of which meetings proper notice were given and the proceedings were properly recorded and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
5. The company has closed its Register of Members from 7th August, 2009 to 28th August, 2009 (both days inclusive) during the financial year and necessary compliance of section 154 of the act has been made.
6. The Annual general meeting for the financial year ended on 31st March 2009 was held on 28th August 2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The company has entered into contracts falling within the purview of section 297 of the Act and complied with section 297 & 301 of the Companies Act, 1956.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the preview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (a) delivered all the certificates on lodgement for transfer / transmission thereof or any other purpose in accordance with the provisions of the act.
 - (b) deposited on 28.08.2009 with HDFC Bank Dividend amount in a separate Bank Account against dividend declared during the financial year.

CERTIFIED TRUE COPY

- (c) posted on 12.09.2009 dividend warrants to all members of the company against dividend declared during the financial year.
- (d) no amount lying in Un-paid Dividend Account, application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be transferred to "Investor's Education & Protection Fund"
- (e) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and no appointment of director, additional director, alternate director and director to fill casual vacancies have been made.
15. The Company has appointed Managing Director during the financial year in compliance with the provisions of the Act.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares, debentures or other securities during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. The borrowings of the company as at the end of the year is within the borrowing limits of the company.
25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
29. The company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year.
31. We have been informed by the management that there was / were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The company has not deducted any contribution towards Provident Fund during the financial year.

Place: Kolkata
Date: 16th July, 2010

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

CERTIFIED TRUE COPY



ANNEXURE - A

Registers as maintained by the Company

Statutory Registers

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

Other Registers

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

ANNEXURE B

Forms and Returns as filed by Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st March, 2009.

Sl. No.	Form No. / Return	Filed u/s	For	Date of Filing & whether filed within prescribed time Yes / No.	If delay in filing whether requisite additional fees paid Yes / No
1	Balance Sheet	220	31.03.2009	24.10.2009 No	Yes
2	Compliance Certificate	383A	15.07.2009	20.09.2009 Yes	No
3	Annual Return	161	28.08.2009	24.10.2009 Yes	No
4	Form 18	146	29.04.2009	18.05.2009 Yes	No
5	Form 32	303(2)	31.07.2009	01.09.2009 No	Yes
6	Form 32	303(2)	28.08.2009	02.11.2009 No	Yes
7	Form 23	192	31.08.2009	01.09.2009 Yes	No
8	Form 25C	269	31.07.2009	03.11.2009 No	Yes

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

Place: Kolkata
Date: 16th July, 2010

CERTIFIED TRUE COPY

7



AUDITOR'S REPORT

TO THE MEMBERS OF SALEMERODE INVESTMENTS LTD

We have audited the attached Balance Sheet of **Salem Erode Investments Ltd** as at 31st March 2010, the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date. 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 in the test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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) (Amended Report) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

1. 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.
2. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
3. Proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of such books.
4. In our opinion the Balance Sheet, Profit and Loss account and Cash Flow Statement comply with the accounting standards, referred to in sub section (3C) of section 211 of the Companies Act, 1956;
5. On the basis of the information available with the Company and written representations received from the directors and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2010 from being appointed as director in terms of section 274(1) (g) of the Companies Act, 1956, and
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010
 - ii) in the case of the Profit and Loss account, of the profit 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.

Kolkata
Dated: 16th July, 2010

For DK CHHAJER & Co
Chartered Accountants
(FRN 304138E)
(Niraj K. Jhunjunwala)
Partner
Mem.No.F057170

CERTIFIED TRUE COPY



ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situations of its fixed assets.
(b) The fixed assets are physically verified by the management at the end of the year, which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. As informed no discrepancies were noticed on such verification.
(c) The Company has not disposed off any part of fixed assets during the year.
2. (a) The stock of securities in physical mode has been physically verified during the year. Securities in Dematerialisation form have been confirmed by the statement received from Depository.
(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 is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventory and no discrepancies were noticed on physical verification.
3. (a) The Company has granted unsecured loan to one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,25,00,000/- and the year-end balance of loans given to such party was 1,50,00,000/-.
(b) In our opinion, rates of interest and other terms and conditions of unsecured loan granted to company listed in the register maintained under Section 301 of the Companies Act, 1956 are prima-facie not prejudicial to the interest of the Company.
(c) The company had regularly been receiving principal amount and interest.
(d) The Company has not taken unsecured loans from one company covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause (b), (c) & (d) are not applicable.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of business for the purchase and sales of shares and debentures and other securities.
5. (a) In our opinion and according to the information and explanations given to us, in our opinion, the transaction that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been entered.
(b) In our opinion and as per our information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. As informed the Company is a non-banking financial company and has not accepted any deposit from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable to the company.

CERTIFIED TRUE COPY

9



ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The Company has not carried out any manufacturing or trading operations during the year for which maintenance of cost records has been prescribed by the Central Government u/s 209(1) (d) of the Companies Act, 1956. Accordingly, provisions of Para(viii) of Companies (Auditor's Report), 2003 are not applicable to the company.
9. (a) According to the information and explanations given to us, the company is regular in depositing undisputed statutory dues, including income tax, service tax, wealth tax, cess & any other Statutory dues applicable to it with the appropriate authorities during the year
- (b) According to the information and explanations given to us, no undisputed amount payable in respect of income tax, wealth tax, cess were in arrears as on 31.03.10 for a period of more than six months from the date they become payable except the following :-
- | Name of the Statute | Nature of dues | Amount (Rs.) | Period to which amount relates | Forum where Dispute is Pending |
|---------------------|----------------|--------------|-------------------------------------|--------------------------------|
| Incomet TaxAc | Income Tax | 69,230/- | 1980-81, 1990-9
1991-92, 1992-93 | Commissioner (Appeals) |
- (c) According to the information and explanations given to us, there are no dues of income tax, wealth tax, cess that have not been deposited on account of any dispute.
10. The Company does not have any accumulated losses nor has it incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. The Company has not borrowed any money from banks or financial institutions. There are no debenture holders at any time during the year. Accordingly provisions of Para (xi) of the Companies (Auditors Report) Order 2003 are not applicable to the Company.
12. In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities
13. In our opinion, the company is not a Chit fund or a Nidhi / Mutual benefit fund / Society. Therefore, the provisions of clauses (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
14. In respect of the investments made by the Company in Shares, other securities etc. proper records have been maintained. These investments are held in the name of the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly the provisions of clause 4(xv) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company
16. According to the information and explanation given to us, the company has not availed any term loans during the year.

CERTIFIED TRUE COPY



ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

17. On the basis of information received from the management and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
18. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The company had not issued any debentures during the period covered by our audit report. Accordingly the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company
20. The Company has not raised any money by public issues during the year. Accordingly the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company
21. During the course of our examination of the books of accounts carried out in accordance with the generally accepted auditing practices in India for the purpose of reporting the true and fair view of financial statements, we have neither come across any incidence of fraud on or by the company nor have we been informed of any such case by the management.

For D K CHHAJER & Co
Chartered Accountants
(FRN 304138E)

NIRAJ K. JHUNJHUNWALA
Partner
Mem.No.F057170

Kolkata
Dated: 16th July, 2010

CERTIFIED TRUE COPY



SALEMERODE INVESTMENTS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	As at 31st March 2010		As at 31st March 2009	
		Rs.	Rs.	Rs.	Rs.
I. SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Capital	1	1,319,625		1,319,625	
b) Reserves & Surplus	2	<u>38,892,173</u>	40,211,798	<u>36,577,415</u>	37,897,040
Total			<u>40,211,798</u>		<u>37,897,040</u>
II. APPLICATION OF FUNDS					
1. Fixed Assets	3				
a) Gross Block		501,706		353,659	
b) Less : Depreciation		<u>46,995</u>	454,711	<u>279,329</u>	74,330
2. Investments	4		10,111,193		7,540,211
3. Deferred Tax Assets			682,761		838,288
4. Current Assets, Loans and Advances					
a) Inventories	5	70,435		105,599	
b) Cash and Bank Balances	6	1,745,590		29,065,872	
c) Loans and Advances	7	<u>28,333,179</u>		<u>1,672,000</u>	
		<u>30,149,204</u>		<u>30,843,470</u>	
Less : Current Liabilities and Provisions:					
a) Current Liabilities	8	722,929		627,378	
b) Provisions	9	<u>463,142</u>		<u>771,882</u>	
		<u>1,186,071</u>		<u>1,399,260</u>	
Net Current Assets			28,963,133		29,444,211
Total			<u>40,211,798</u>		<u>37,897,040</u>
Significant Accounting Policies & Notes on the Accounts	12				

The schedules referred to above form an integral part of the Balance Sheet. This is the Balance Sheet referred to in our report of even date.

For **D K CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)
(NIRAJK. JHUNJHUNWALA)
Partner
Membership no : F057170
Place : Kolkata
Dated: 16th July, 2010

PADMA KANORIA (Mrs)
KUSUM KANORIA (Mrs)
PRERNA GOENKA (Mrs) } Directors

CERTIFIED TRUE COPY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

	Schedule	Year ended 31st March, 2010 Rs.	Year ended 31st March, 2009 Rs.
INCOME			
Sale of shares		80,579	---
Profit on sale of Investments		1,065,929	12,318,468
Other Income	10	3,133,036	939,177
Closing Stock		70,435	105,599
Liabilities no longer required written back		6,073	---
Provision for diminution in the value of Investment written-back		<u>231,283</u>	<u>---</u>
		<u>4,587,335</u>	<u>13,363,244</u>
EXPENDITURE			
Opening Stock		105,599	105,599
Administrative and other expenses	11	784,021	1,289,635
Depreciation		34,376	32,395
Securities Transaction Tax		23,566	---
Provision for Diminution in the value of Investments		<u>---</u>	<u>747,614</u>
		<u>947,562</u>	<u>2,175,243</u>
Profit / (Loss) before Taxation		3,639,773	11,188,001
Provision for Taxation			
Current Tax		(750,000)	(1,325,000)
Deferred Tax		(155,527)	637,921
Fringe benefit Tax		<u>---</u>	<u>(6,770)</u>
Profit / (Loss) after Taxation		2,734,246	10,494,152
Income Tax of earlier years written back		<u>43,653</u>	<u>---</u>
		2,777,899	10,494,152
Transfer to General Reserve		300,000	1,055,000
Transfer to Statutory Reserve		600,000	2,110,000
Proposed Dividend		395,865	395,865
Dividend Tax		<u>67,277</u>	<u>67,277</u>
		1,414,757	6,866,010
Balance Brought forward		13,487,416	6,621,406
Profit carried to Balance Sheet		<u>14,902,173</u>	<u>13,487,416</u>
Earnings per share (Basic and Diluted)(face value of Rs. 10/-)		20.72	79.53
Significant Accounting Policies & Notes on the Accounts	12		

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our report of even date.

For **D K CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)
(NIRAJ K. JHUNJHUNWALA)
Partner
Membership no : F057170
Place : Kolkata
Dated: 16th July, 2010

PADMA KANORIA (Mrs)
KUSUM KANORIA (Mrs)
PRERNA GOENKA (Mrs) } Directors

CERTIFIED TRUE COPY



SALEM ERODE INVESTMENTS LIMITED

CASH FLOW STATEMENT
For the year ended 31st March 2010

	31st March 2010 Rs.	31st March 2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extra-ordinary items	3,639,773	11,188,001
Adjustments for :-		
Income from Dividend	(385,478)	(334,807)
Interest on loan	(2,457,636)	(604,370)
Profit on sale of Investments	(1,065,929)	(12,318,468)
Loss on sale of Future transaction in Share	9,832	-
Profit on sale of Fixed Asset	(58,276)	-
Depreciation	34,376	32,395
Liabilities no longer required written back	(6,073)	-
Provision for diminution in the value of Investments	(231,283)	747,614
Operating profit before working capital changes	<u>(520,695)</u>	<u>(1,289,635)</u>
Adjustments for :-		
Trade & Other receivables	(25,033,000)	8,637,491
Inventories	35,164	-
Trade payables	95,551	(49,507)
Cash Generated from operations	<u>(1,091,076)</u>	<u>(1,065,547)</u>
Direct taxes paid (Net)	<u>(26,514,056)</u>	<u>6,232,802</u>
Net cash from Operating activities (A)	(26,514,056)	6,232,802
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Investments	(4,251,413)	(97,920)
Purchase of Fixed Assets	(456,481)	-
Sale / Redemption of Investments	2,967,816	24,635,600
Sale of Fixed Asset	100,000	-
Income from Dividend	385,478	334,807
Interest on Loans	911,516	604,370
Net cash from Investing activities (B)	(343,084)	25,476,857
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Dividends paid	(395,865)	(395,865)
Corporate Dividend Tax paid	(67,277)	(67,277)
Unsecured Loans paid off	-	(2,500,000)
Net Cash used in Financing activities (C)	(463,142)	(2,963,142)
Net (decrease) / Increase in cash and cash equivalents(A+B+C)	(27,320,282)	28,746,517
Cash and cash equivalent Opening Balance	29,065,871	319,354
Cash and cash equivalent Closing balance	1,745,590	29,065,871

Note : 1. Cash and cash equivalent represent cash & bank balance only.

2. The above Cash Flow statement has been prepared order 'Indirect Method' as set out in the According Standard - 3 on "Cash Flow Statement" incurred by the Institute of Chartered Accountants of India.

As per our report of even date.
For **D K CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)
(NIRAJK. JHUNJHUNWALA)
Partner
Membership no : F057170
Place : Kolkata
Dated: 16th July, 2010

PADMA KANORIA (Mrs)
KUSUM KANORIA (Mrs)
PRERNA GOENKA (Mrs) } Directors

CERTIFIED TRUE COPY



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2010

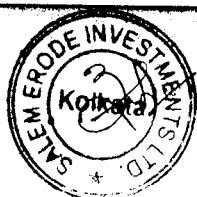
	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
SCHEDULE - 1		
SHARE CAPITAL -		
Authorised		
3,60,000 (PY 3,60,000) Equity Shares of Rs. 10/- each	3,600,000	3,600,000
40,000 (PY 40,000) 6 1/2% Cumulative Redeemable Preference Shares of Rs. 10/- each	400,000	400,000
	<u>4,000,000</u>	<u>4,000,000</u>
Issued Subscribed and Paid up		
1,31,955 (PY 1,31,955) Equity Shares of Rs. 10/- each fully paid up	1,319,550	1,319,550
Add : Forfeited Shares	75	75
	<u>1,319,625</u>	<u>1,319,625</u>

Note :Of the above 43,985 Shares allotted as fully paid-up Bonus Shares by way of capitalisation of General Reserve.

SCHEDULE-2**RESERVES AND SURPLUS**

Capital Redemption Reserve -	400,000	400,000
General Reserve		
Opening Balance	16,130,000	15,075,000
Add : Transfer from P&L A/c	<u>300,000</u>	<u>1,055,000</u>
	16,430,000	16,130,000
Statutory Reserve Fund -		
Opening Balance	6,560,000	4,450,000
Add : Transfer from P&L A/c	<u>600,000</u>	<u>2,110,000</u>
	7,160,000	6,560,000
Balance in Profit and Loss Account		
Opening Balance	13,487,416	6,621,405
Add : During the year	<u>1,414,757</u>	<u>6,866,010</u>
	<u>14,902,173</u>	<u>13,487,415</u>
	<u>38,892,173</u>	<u>36,577,415</u>

CERTIFIED TRUE COPY



SALEMERODE INVESTMENTS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2010

SCHEDULE-3

FIXED ASSETS : (At Cost)

ITEMS	GROSS BLOCK				DEPRICIATION				NET BLOCK	
	As at 31st March 2009 Rs	Addition during the year Rs	Deductions during the year Rs	As at 31st March 2010 Rs	As at 31st March 2009 Rs	Addition during the year Rs	Deductions during the year Rs	As at 31st March 2010 Rs	As at 31st March 2010 Rs	As at 31st March 2009 Rs
Computer	45,225	-	-	45,225	24,970	8,102	-	33,072	12,153	20,255
Motor Car	308,434	456,481	308,434	456,481	254,359	26,274	266,710	13,923	442,558	54,075
	353,659	456,481	308,434	501,706	279,329	34,376	266,710	46,995	454,711	74,330
Previous year	353,659	-	-	353,639	246,934	32,395	-	279,329	74,330	-

SCHEDULE-4

INVESTMENTS:

Name of the Companies	Face Value of each share/ Debenture Rs.	As at 31st March, 2010		As at 31st March, 2009	
		Nos.	Cost Rs.	Nos.	Cost Rs.

LONGTERM

UNQUOTED

A. Fully paid-up Equity Shares

Trade Investments

Tara Investments Ltd. 10 119,100 446,500 119,100 446,500

Other Investments

The Arya Vaidya Pharmacy
(Coim) Ltd 10 1,000 10,000 1,000 10,000

B. Fully paid-up Equity Shares

Osco Tea Ltd (Subsidiary) 10 200,000 816,580 200,000 816,580

(A) 1,273,080 1,273,080

(Contd.)

CERTIFIED TRUE COPY



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS as at 31st March 2010

SCHEDULE-4 (Contd....)

Name of the Companies	As at 31st March, 2010		As at 31st March, 2009		
	Face Value of each share/ Debenture Rs.	Nos.	Cost Rs.	Nos.	Cost Rs.
QUOTED:					
C. Fully paid-up Equity Shares -					
Trade Investments					
The Mozufferpore Electric Supply Co Ltd	10	12,387	105,840	12,387	105,840
The Patna Electric Supply Co Ltd	10	90,712	1,058,438	90,712	1,058,438
Tinnevely Tuticorin Investments Ltd	10	28,715	394,670	28,715	394,670
		(B)	<u>1,558,948</u>		<u>1,558,948</u>
Other Investments					
Adlabs / Reliance Media world Ltd	5	1,000	424,184	—	—
Ashok Leyland Ltd.	1	—	—	3,000	106,650
Bank of Maharashtra	10	900	52,074	900	52,074
Bongaigoan Ref. Ltd.	10	3,000	235,814	3,000	235,814
CESC Ltd	10	1,000	173,482	1,000	173,482
GHCL	10	4,000	472,628	2,000	365,432
GTOffshore	10	600	552,402	600	552,402
GSPL	10	1,000	99,500	—	—
HDFC Bank Ltd	10	600	6,000	600	6,000
Hindalco Industries Ltd	1	3,400	102,570	3,400	102,570
Hindustan Lever Ltd	1	1,260	500	1,260	500
Housing Development & Finance Corpn. Ltd	10	4,000	54,287	4,000	54,287
IB SEC Ltd	2	500	26,333	—	—
IDFC Ltd.	10	265	9,010	265	9,010
Idea	10	2,700	210,109	—	—
India Cements Ltd	10	2,000	410,440	2,000	410,440
KCP Sugars	10	7,000	424,968	5,000	368,128
L & T Ltd	10	—	—	200	107,649
MRPL Ltd.	10	—	—	2,000	106,860
Mangalam Cements Ltd.	10	—	—	1,000	133,024
MTNLLtd.	10	3,200	308,288	—	—
M.D. NETWORK Commodities (P) Ltd.	10	192,150	1,921,500	—	—
Nagarjuna Fertilizers & Chemicals Ltd	10	7,250	281,725	—	—
ONGC Ltd.	10	100	116,866	—	—
Petronet LNG Ltd.	10	—	—	4,000	126,647
Plethico	10	1,000	406,169	1,000	406,169
Power Grid	10	5,000	699,209	5,000	699,209
Ranbaxy Ltd	5	700	348,435	1,000	497,763
Reliance Capital Ltd	10	652	678,213	100	151,620
Reliance Petroleum Ltd	10	—	—	4,000	344,560
Reliance Industries Ltd	10	125	172,280	—	—
*Rolta EQ	—	1,000	—	1,000	—
SAIL	10	—	—	2,500	664,302
State Bank of India	10	921	106,571	921	106,571
Syndicate Bank	10	500	43,174	2,500	215,872
Tata Cemicsals Ltd	10	1,250	410,700	1,250	410,700
Wockhart Pharma Ltd.	5	1,500	450,710	1,500	450,710
		(C)	<u>9,198,141</u>		<u>6,858,465</u>
Total Investments(A+B+C)			12,030,171		9,690,472
Less: Provision for Diminution in the value of Investments			1,918,979		2,150,261
Aggregate of Investments			<u>10,111,192</u>		<u>7,540,211</u>
Market value of Quoted Investments			22,018,443		10,804,830

NOTE: *shares have been received on account of bonus/merger/amalagamation.



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2010

SCHEDULE-5

STOCK OF SHARES AND DEBENTURES

Name of the Companies	Face Value of each share/ Debenture Rs.	As at 31st March, 2010		As at 31st March, 2009	
		Nos.	Book Value Rs.	Nos.	Book Value Rs.
QUOTED :					
(a) Fully paid-up Equity shares					
The Patna Electric Supply co. Ltd	10	1,732	9,625	1,732	9,625
Graphite India Ltd	10	-	-	105	1,331
Warren Tea Co. Ltd	10	180	750	180	750
Gabriel India Ltd	1	1,000	5,825	1,000	5,825
Timken India Ltd	10	-	-	785	33,833
PSM Ltd	10	50	590	50	590
Reliance Infrastructure(Energy) Ltd	10	253	34,029	253	34,029
Tata Tea Ltd	10	81	17,962	81	17,962
Titaghur industries Ltd	10	400	460	400	460
Eveready Industries Ltd	10	345	597	345	597
Mcleod Tea Co Ltd	10	345	597	345	597
			<u>70,435</u>		<u>105,599</u>

SCHEDULE -6

CASH AND BANK BALANCES

	As at 31st March 2010 Rs.	As at 31st March 2009 Rs.
Cash in hand (As certified by the management)		
Bank Balances - (With Scheduled Banks)	5,858	5,859
On Current Account		
On Unpaid Dividend Account	1,510,604	28,875,295
On Preference Share Redemption Account	179,171	131,453
	53,265	53,265
	<u>1,748,898</u>	<u>29,065,872</u>

CERTIFIED TRUE COPY



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2010

	As at 31st March 2010		As at 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - 7				
LOANS AND ADVANCES				
<i>(Unsecured, Considered good unless otherwise stated)</i>				
Loans				
Considered Good	26,600,000		1,600,000	
Considered Doubtful	1,600,000		1,600,000	
	28,200,000		3,200,000	
Less : Provision for Doubtful Debts	1,600,000	26,600,000	1,600,000	1,600,000
Advance Income Tax (Net of Provisions)		82,059		
Advances recoverable in cash or in kind or for value to be received		105,000		72,000
Interests receivable		1,546,120		--
Deposits -				
With Joint Stock Company	250,000		250,000	
Interest accrued thereon	14,185		14,185	
	264,185		264,185	
Less : Provision for Doubtful Deposits	264,185	--	264,185	--
		28,333,179		1,672,000
SCHEDULE - 8				
CURRENT LIABILITIES				
Liabilities for expenses		490,493		443,484
Unclaimed Dividends (Refer Note below)		179,171		130,629
Unclaimed Preference Shares redemption money		53,265		53,265
		722,929		627,378
Note: This does not include any amount due for deposit to "The Investors Education & Protection Fund"				
SCHEDULE - 9				
PROVISIONS				
Proposed Dividends		395,865		395,865
Dividend Tax		67,277		67,277
Provision for Tax (Net of Advance Tax)		--		308,740
		463,142		771,882

CERTIFIED TRUE COPY



SALEMERODE INVESTMENTS LIMITED

SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNT
as at 31st March 2010

	For the Year Ended 31st March 2010		For the Year Ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - 10				
OTHER INCOME				
Income from Long Term Investment :-				
Dividend		385,478		334,807
Interest on Loan (Gross)		2,457,636		604,370
(Tax deducted at source Rs 276606/- Previous Year Rs.124501/-)				
Interest on Others (Gross)		231,646		
(Tax deducted at source Rs NIL/- Previous Year Rs.NIL/-)				
Profits on sale of Assets.		58,276		
		<u>3,133,036</u>		<u>939,177</u>
SCHEDULE - 11				
ADMINISTRATIVE AND OTHER EXPENDITURES				
Advertisement		10,595		7,823
Auditors Remuneration				
As Audit Fee	9,927		10,112	
In other Capacities	18,200	28,127	7,864	17,976
Computer Expenses		4,817		7,922
Conveyance		5,371		5,254
Depository & Bank Charges		20,738		1,010
Directors Fees		3,200		3,000
Donation		—		500,000
Establishment charges		251,000		35,100
General Charges		13,123		13,383
Income of future transactions in shares		9,832		—
Insurance charges		4,032		2,815
Interest paid		1,278		92,071
Legal charges		50,000		—
Motor Car running expenses		27,497		35,334
Postage, Telegram & Telephones		16,140		21,522
Professional fees		229,328		471,447
Rent,Rates & Taxes		49,066		28,350
ROC Filling fees		5,000		1,530
Secretarial Audit fees		7,800		6,375
Service Tax & Cess		7,829		—
Share Registrar & Transfer Agent fees		15,444		19,103
Stationary & Printing		10,237		8,825
Subscriptions		13,567		10,795
		<u>784,021</u>		<u>1,289,635</u>

CERTIFIED TRUE COPY



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2010

SCHEDULE - 12

NOTES ON ACCOUNTS:-

1) Accounting Policies

- a) The Company is a Non - Banking Financial Institution registered under Sec 45-IA of the Reserve bank Of India Act
- b) The financial statement have been prepared under the historical cost convention in accordance with the Accounting Standards specified by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and Non-Banking Financial Companies (Reserve Bank) Directions, 1988 issued by the Reserve Bank of India.
- c) Use of Estimates
The presentation of financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.
- d) Fixed Assets :
Fixed Assets are stated at purchase cost together with any incidental expenses of acquisition less accumulated depreciation
- e) Depreciation :
The depreciation is provided on written down value at the rate specified in Schedule XIV of the Companies Act, 1956 as amended.
- f) Impairment:
Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of the fixed assets is determined. An impairment loss is recognised, whenever the carrying amount of assets either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets' net selling price or its value in use. In assessing value in use, the estimated future cash flows from the use of the assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, are allocated to its assets on a pro-rata basis.
- g) Investments :
All investments classified as "Long Term" are carried at cost. Provision for diminution in the value has been made if such fall is considered to be other than temporary in nature.
- h) Stock of Shares and Debentures :
Stock of quoted shares / debentures are valued at cost or market whichever is lower and unquoted shares are valued at cost or cost less amount written off at the year end.
- i) Interest on Loans :
Interest on Loan is accounted on an accrual basis except in respect of non-performing assets, in respect of which income is not recognised as there is uncertainty as to ultimate realisation.

CERTIFIED TRUE COPY

21



SCHEDULE - 12

NOTES (CONTD.): -

j) Segment reporting Policies

The company has one business segment, accordingly there are no reportable segments as per Accounting standards AS - 17 issued by the Institute of Chartered Accountants of India in "Segment Reporting."

k) Taxation :

Provision for Tax is made for both current and deferred taxes. Current tax is provided on the taxable income using applicable tax rate and tax laws. Deferred tax on assets and liabilities arising on account of timing differences and which are capable of reversal in one or more subsequent periods are recognised using the tax rate and tax laws that have been enacted or subsequently enacted. Deferred tax assets are recognised on the ground of virtual certainty with view to reversal of the same in the future years.

l) Provision, Contingent Liabilities and Contingent Assets

Provision involving substantial degree of estimation in measurement are recognised 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 Assets are neither recognised nor disclosed in the financial statements. Contingent Liabilities, if material are disclosed by way of notes

m) Earnings per share

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Cash Flow Statement

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

CERTIFIED TRUE COPY



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2010

SCHEDULE - 12
NOTES ON ACCOUNTS (CONTD.) :-

2)	<u>31st March 2010</u>	<u>31st March 2009</u>
Total number of Shares / Debentures purchased (Nos.)	238,402	1,120
Total number of Shares / Debentures sold / redeemed (Nos.)	44,825	307,945
a) The deferred tax as at 31st March, 2010 comprise of the following :		
	<u>31st March 2010</u>	<u>31st March 2009</u>
Provision for diminution in the value of Investments	395,311	487,249
Related to fixed assets	8,338	71,926
Carry forward losses	<u>279,112</u>	<u>279,112</u>
	<u>682,761</u>	<u>838,287</u>
b) Contingent liabilities		
In respect of Income Tax Assessments for earlier years (Rs.)	43,653	69,230
c) The Company has one business segment. Accordingly there are no reportable segments as per "Accounting Standard 17" issued by the Institute of Chartered Accountants of India on "Segment Reporting".		
d) There are no amount outstandings to Small Scale Undertakings as on the date of Balance Sheet		
e) Related parties as identified by the management as per "Accounting Standards-18" issued by the Institute of Chartered Accountants of India		
i) Name of the parties where control exists		
OSCO Tea Ltd., Subsidiary of the Company		
ii) Associate		
Tara Investments Ltd		
iii) Companies / Firms in which Directors / their relatives are interested		
Tinnevelly Tuticorin Investments Ltd		
iv) Key Management Personnel		
Mrs. Padma Kanoria - Director		



SCHEDULE ANNEXED TO AND FORMING PART OF THE ACCOUNTS
as at 31st March 2009

SCHEDULE - 12

NOTES (CONTD.): -

v) Particulars of transactions during the year ended 31st March, 2010

(Rs. in lacs)

Nature of Transaction	Osco Tea Ltd	Tara Investments (P) Ltd	Mrs Padma Kanoria	Tinnevelley Tuticorin Investments Ltd
Loans Taken	0(2)	-	-	-
Loans Given	-	225(0)	-	-
Repayment of Loans	0(2)	-	-	-
Investments in Equity	-	-	-	-
Interest Payable	-	-	-	-
Interest Receivable	-	-	-	-
Directors Fee	-	-	0.01(0.01)	-
Dividend Paid	-	0.78(0.78)	0.97(0.67)	0.76(0.76)
Rent Payable	-	-	-	-
Balance outstanding at the year end				
Loans Taken	-	-	-	-
Loans Given	-	150(0)	-	-
Investment in Equity	8.17(8.17)	4.47(4.47)	-	3.95(3.95)
Rent Payable	-	-	-	-
Maximum balance during the year				
Loans Taken	0(27)	-	-	-
Loans Given	-	225(0)	-	-

* Figures of previous year has been shown in brackets

f) Figures of the previous year have been re-grouped and re-arranged wherever necessary.

For D K CHHAJER & CO.
Chartered Accountants
(FRN 304138E)
(NIRAJ K. JHUNJHUNWALA)
Partner
Membership no : F057170
Place : Kolkata
Dated: 16th July, 2010

PADMA KANORIA (Mrs)
KUSUM KANORIA (Mrs)
PRERNA GOENKA (Mrs) } Directors

CERTIFIED TRUE COPY



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(Submitted in terms of Part IV of Schedule VI to the Companies Act, 1956)

1. Registration Details

Registration no.	State Code :
L31200WB1931PLC007116	21

Balance Sheet	31	3	2010
	Date	Month	Year

II. Capital raised during the year (Figures in Rupees)

Public Issue	Right Issue	Bonus Issue	Private Placement
NIL	NIL	NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Figures in Rupees)

Total Liabilities	Total Assets
40,211,798	40,211,798

Sources of Funds

Paid-up Capital	Reserves & Surplus	Secured Loans	Unsecured Loans
1,319,625	38,892,173	NIL	NIL

Application of Funds

Net Fixed Assets	Investments	Deferred Tax Assets	Net Current Assts
454,711	10,111,193	682,761	28,963,133
Misc. Expenditure		Accumulated Losses	
NIL		NIL	

IV. Performance of Company (Figures in Rupees)

Total Income	Total Expenditure	+/- Profit/loss bef Tax	+/- Profit/loss after Tax
4,587,335	947,562	(+) 3,639,773	2,734,245

+/- Earning per share	Dividend rate %
(+) 20.72	30%

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code no. (ITC Code)	NIL
Product Description	Investments

CERTIFIED TRUE COPY

25



STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT, 1956
As at 31st March, 2010 the Company had one subsidiary Company : Osco Tea Ltd.,

1. **Extent of Holding Company's Interest in Osco Tea Ltd.**
Financial Year ended on 31st March, 2010 Extent of interest of the Holding Company The entire Equity Shares consist of 2,00,000 shares of Rs. 10/- each is held by the Company and / or its Nominees
2. **Net aggregate amount of Subsidiary Company's Profit / Loss**
 - (a) For the subsidiary's financial year ended 31st March, 2010 :
Profit after tax Rs. 1,534,703/-
 - (b) For the subsidiary's financial year ended 31st March, 2009 :
Profit after tax Rs. 49,355/-

Kolkata : 16th July, 2010.

PADMA KANORIA (Mrs.)
KUSUMKANORIA (Mrs.)
PRERNA GOENKA (Mrs) } Directors

CERTIFIED TRUE COPY



DIRECTORS REPORT

TO THE MEMBERS FOR THE YEAR ENDED 31ST MARCH, 2010

The Directors of your company are pleased to present Annual Report of the Company with the Accounts for the year ended 31st March, 2010.

Accounts	Rupees
The results for the year's working are as follows :	
Profit / (Loss) before Taxation	1,799,892
Provision for Taxation	
Current	(255,000)
Deferred	(10,189)
Profit / (Loss) after Taxation	<u>1,534,703</u>
Income tax of earlier years	(53,381)
Balance brought forward from previous year	<u>2,473,123</u>
Balance carry forward to Balance Sheet	<u><u>3,954,445</u></u>

DIVIDEND:

Your Directors do not recommend any dividend on Equity Shares of the Company for the year and the profit has been kept to strength the reserve position of the Company.

DIRECTORATE:

Mr S C Bhattacharyya, Director of the Company retires by rotation and being eligible offers himself for re-appointment. Mr. Akash Hamirbasia and Mrs Padma Kanoria who were appointed as Additional directors, are to be confirmed as directors into the Annual General Meeting.

AUDITORS

M/s D K Chhajer & Co., Chartered Accountants, retire and being eligible offer themselves for re-appointment.

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

There has been no foreign exchange earning or outgo. Hence the provisions of section 217(i)(e) of the Companies Act, 1956 read along with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are not applicable to the Company.

EMPLOYEES:

None of the employees of the Company was in receipt of remuneration aggregating to Rs. 2,00,000/-per month or more and hence the particulars under Section 217(2A) of the Companies (Particulars of Employees) Rules, 1975 have not been given.

CERTIFIED TRUE COPY

27



DIRECTOR'S REPORT (Contd.)

DIRECTOR'S RESPONSIBILITY STATEMENT

Your directors hereby declare and confirm that:

- a) in preparation of Annual Accounts for year ended 31st March, 2010 the applicable accounting standards has been followed.
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of financial year i.e. 31st March, 2010 and of the profit of the Company for that period.
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting the fraud and other irregularities.
- d) they had prepared the accounts for the year ended 31st March, 2010 as going concern basis.

COMPLIANCE CERTIFICATE :

Pursuant to section 383A of The Companies Act, 1956 a certificate from M/s. H. M. Chhoraria & Co., Company Secretaries in whole time practice, as to whether the Company has complied with all the provisions of the Companies Act, 1956, is attached.

Registered Office :
14, Motilala Nehru Road,
Kolkata 700 029.
Dated : 16th July, 2010

For and on behalf of the Board of Directors.

S.C. BHATTACHARYYA
Director

CERTIFIED TRUE COPY



COMPLIANCE CERTIFICATE**H M CHORARIA & CO**

Practising Company Secretaries
14/2, Old China Bazar Street
4th Floor, R. No. 401
Kolkata 700 001

Registration No. of the Company 21-U 01132 WB 1986 PLC 040840
Nominal Capital Rs 25,00,000/-

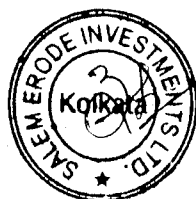
To
The Members
OSCO Tea Ltd.,
14, Motilala Nehru Road
Kolkata 700 029.

We have examined the registers, records, books and papers of OSCO Tea Limited as required to be maintained under the Companies Act, 1956, and rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all register as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to his certificate, with the Registrar of Companies, Regional Director, Central government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The company being a limited company has more than the minimum prescribed paid-up capital of Rs. 5 Lacs.
4. The Board of Directors duly met six times respectively on 29.04.2009, 15.07.2009, 31.07.2009, 23.10.2009, 29.01.2010 and 02.03.2010 in respect of which proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The company has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 28.08.2009 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. An Extraordinary General Meeting was held on 29th March, 2010 during the financial year.
8. The company has not advanced any loans to its directors or persons or firms or companies referred: to under Section 295 of the Act.
9. The company has entered into any contracts falling within the purview of Section 297 of the Act and complied with section 297 & 301 of the Companies Act, 1956.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the preview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (a) not allotted, transferred / transmissioned of securities during the year.
 - (b) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year,
 - (c) not posted any warrants to any member of the company as no dividend was declared during the financial year.

CERTIFIED TRUE COPY

29



- (d) no amount lying in Un-paid Dividend Account, application money due for refund, matured deposits, matured debentures and interest accrued thereon which have remand unclaimed or unpaid for a period of seven years to be transferred to Investor's Education & Protection Fund'
- (e) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted" and appointment of director, additional director, alternate director and director to fill casual vacancies have been duly made.
 15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year.
 16. The company has not appointed any sole selling agents during the financial year.
 17. The company has obtained all necessary approvals from the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The company has not issued any shares, debentures or other securities during the financial year.
 20. The company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year
 22. There were no transaction necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
 23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
 24. The company has not made any borrowings during the financial year ended 31st March, 2010.
 25. The company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
 26. The company has not altered the provisions of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
 27. The company has altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny and complied with the provisions of the Act.
 28. The company has not altered the provisions of the Memorandum with respect to name of the company during the year under scrutiny.
 29. The company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny
 30. The company has not altered its Articles of Association during the financial year.
 31. We have been informed by the management that there was / were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act.
 32. The Company has nca received any money as security from its employees during the financial year.
 33. The company has not deducted any contribution towards Provident Fund during the financial year.

Place : Kolkata
Dated : 16th July, 2010.

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

CERTIFIED TRUE COPY



ANNEXURE -A**Registeres as maintained by the Company****Statutory Registers**

1. Register of members u/s 150
2. Register of Returns u/s 163
3. Minutes Book of meetings
4. Books of accounts u/s 209
5. Register of Directors, Managing
6. Register of Directors Shareholdings
7. Register of Investments or Loans u/s

Other Registers

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

ANNEXURE B

Forms and Returns as filed by Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31st March 2010

S.No.	Form No. / Return	Filed u/s	For	Dated of filing Whether filed within prescribed Yes / No	If delay whether requisite additional fee paid Yes / No
1	Balance Sheet	220	31.3.2009	13.11.2009 No	Yes
2	Compliance Certificate	383A	15.07.2009	20.09.2009 Yes	No
3	Annual Return	161	28.08.2009	26.11.2009 No	Yes
4	Form 32			31.10.2009 Yes	No
5	Form 32			13.11.2009 No	Yes
6	Form 18			18.05.2009 Yes	No
7	Form 23			30.03.2010 Yes	No

Place : Kolkata
Dated : 16th July, 2010.

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

CERTIFIED TRUE COPY



AUDITORS' REPORT

TO THE MEMBERS OF OSCOTEALIMITED

1. We have audited the attached Balance Sheet of **Osco Tea Limited** as at 31st March, 2010, the Profit and Loss account and the Cash Flow Statement for the year ended on that date. 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amended Report) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit,
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books,
 - (iii) The Balance sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account,
 - (iv) In our opinion, the Balance sheet and the Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956,
 - (v) On the basis of written representations received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March, 2010,
 - (b) in the case of the Profit and Loss account, of the profit for the year ended on that date.
 - (c) In case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For D K CHHAJER & Co
Chartered Accountants
(FRN 304138E)
(NIRAJ K JHUNJHUNWALA)
Partner
Mem No. F057170

Kolkata
Dated: 16th July, 2010

CERTIFIED TRUE COPY



ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) The company has no fixed assets and therefore the relevant provisions, as regards fixed assets are not applicable.
- (ii) The company has no inventory and therefore the relevant provisions, as regards inventory are not applicable.
- (iii) (a) The Company has granted unsecured loan to one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs.27,00,000 and the year end balance was NIL.
(b) In our opinion, rates of interest and other terms and conditions of the unsecured loans granted by the Company are prima-facie not prejudicial to the interest of the Company.
(c) The Company had regularly been receiving the principal amount and interest
(d) The company has not taken unsecured loan from any company, listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clauses (b), (c) & (d) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v) (a) According to the information and explanations given to us, the particulars of contract or arrangement that need to be entered into the register have been so entered.
(b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposit from the public within the meaning of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) Provisions of clause (vii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (viii) The Company has not carried out any manufacturing or trading operations during the year for which maintenance of cost records has been prescribed by the Central Government u/s 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The company is regular in depositing undisputed statutory dues including Income tax, Service tax, Wealth tax, Cess & any other statutory dues applicable to it with the appropriate authorities.
(b) According to the information and explanations given to us, no undisputed amount payable in respect of Income tax, Service tax, Wealth tax, Cess were in arrears as on 31st March, 2010, for a period of more than six months from the date they become payable.
(c) According to the information and explanations given to us, there are no dues of Income tax, Service tax, Wealth tax, Cess that have not been deposited on account of any dispute.

CERTIFIED TRUE COPY

33



ANNEXURE TO THE AUDITOR'S REPORT (Contd.)

- (x) The Company does not have any accumulated losses nor has it incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders. Accordingly, provisions of clause (xi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities
- (xiii) In our opinion, the company is not a chit fund or a Nidhi / Mutual benefit fund / Society. Therefore, the provisions of clauses (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company
- (xiv) In our opinion, the Company has maintained proper records in respect of its dealings or trading in shares securities debentures and other investments and timely entries have been made therein also the shares securities debentures and other investment are held by the company in its own name except to the extent of the exemption, if any granted under section 49 of the Act.
- (xv) In our opinion and according to the information and explanations given to us the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanations given to us the company has not taken any term loans and hence requirement of reporting regarding application of term loans does not arise.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The company had not issued any debentures during the period covered by our audit report.
- (xx) The company has not raised any money by way of public issues during the financial year under audit.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For D K CHHAJER & Co
Chartered Accountants

(FRN 304138E)
(NIRAJ K JHUNJHUNWALA)
Partner
Mem No. F057170

Kolkata
Dated: 16th July, 2010

CERTIFIED TRUE COPY



BALANCE SHEET As At 31st March, 2010

	Schedules	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS:			
Shareholders' Fund			
Capital	1	2,000,000	2,000,000
Reserves & surplus	2	4,183,251	2,701,929
Total		<u>6,183,251</u>	<u>4,701,929</u>
APPLICATION OF FUNDS:			
Investments	3	39,110	1,133,070
Current Assets, Loans & Advances:			
Cash & Bank balances	4	16,620	3,323,799
Loans & Advances	5	6,088,006	104,970
		6,104,626	3,428,769
Less: Current Liabilities & Provisions	6	95,443	5,056
Net Current assets		6,009,183	3,423,713
Deferred Tax assets		134,958	145,146
Total		<u>6,183,251</u>	<u>4,701,929</u>
Significant Accounting Policies & Notes to the Accounts	8		

In terms of report of even date
For **D.K. CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)

(NIRAJ K JHUNJHUNWALA)
Partner
Mem. no : F057170
Kolkata
Dated : 16th July, 2010

PADMA KANORIA (MRS)
S C BHATTACHARYYA
AKASH HAMIRBASIA

Directors



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2010

Schedules	For The Year Ended 31.03.2010 Rs.	For The Year Ended 31.03.2009 Rs.
INCOME	Rs.	Rs.
Dividend	3,500	2,100
Interest on Loan (Gross)	571,030	239,456
(Gross : TDS Rs 57103/- P.Y. Rs. 49539/-)		
Profit from sale of Investments	1,092,167	2,800
Provision for Diminution in value of Investment written - back	162,514	---
	<u>1,829,211</u>	<u>244,356</u>
EXPENDITURE		
Administrative and other Expenses	7 29,319	24,418
Provision for Diminution in value of Investments	---	166,572
	<u>29,319</u>	<u>190,990</u>
Profit / (Loss) before tax	1,799,892	53,366
Provision for taxation		
Current Tax	(255,000)	(68,000)
Deferred Tax	(101,89)	63,989
Profit / (Loss) after Taxation	1,534,703	49,355
Income Tax of earlier years	(53,381)	-
Add : Balance Brought forward from previous year	2,473,123	2,423,768
Balance Carried to Balance Sheet	<u>3,954,445</u>	<u>2,473,123</u>
Earning per share (Basic & Diluted)	7.69	0.25
(Face Value of Rs. 10/- each)		
Significant Accounting Policies & Notes to the Accounts	8	

In terms of report of even date
For **D.K. CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)

(NIRAJ K JHUNJHUNWALA)
Partner
Mem. no : F057170
Kolkata
Dated : 16th July, 2010

PADMA KANORIA (MRS)
S C BHATTACHARYYA
AKASH HAMIRBASIA } Directors

CERTIFIED TRUE COPY



CASH FLOW STATEMENT
For the year ended 31st March 2010

	31st March 2010 Rs.	31st March 2009 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra-ordinary items	1,799,892	53,366
Adjustments for :-		
Profit on sale of investments	(1,092,167)	—
Interest on Loans given	(571,030)	239,456
Provision for Diminution in the value of Investments	(162,514)	166,572
Operating profit before working capital changes	(25,819)	459,394
Adjustments for :-		
Trade Payables	—	1,684
Trade Receivables	(25,000)	(41,712)
Cash Generated from operations	(50,819)	419,366
Direct taxes paid (Net)	(162,103)	(86,566)
Net cash from operating activities (A)	(212,922)	332,800
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Investments	2,348,640	—
Interest on Loans Received	57,103	(239,456)
(Increase)/Decrease in Loans & Advances	(5,500,000)	2,939,079
Net cash used in investing activities (B)	(3,094,257)	2,699,623
C. CASH FLOW FROM FINANCING ACTIVITIES (C)		
Net (decrease)/increase in cash and cash equivalent (A+B+C)	(3,307,179)	3,032,423
Cash and cash equivalent Opening Balance	3,323,799	291,376
Cash and cash equivalent closing balance	16,620	3,323,799

- Note : 1. Cash and cash equivalent represent cash and bank balances only.
2. The above cash flow statment has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by Institute of Chartered Accountants of India.

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

For D.K. CHHAJER & CO.
Chartered Accountants
(FRN304138E)
(NIRAJK JHUNJHUNWALA)
Partner
Mem. no : F057170
Kolkata
Dated : 16th July, 2010

PADMA KANORIA (MRS)
S C BHATTACHARYYA
AKASH HAMIRBASIA } Directors

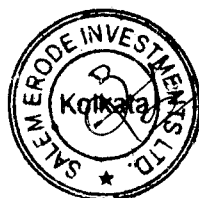
CERTIFIED TRUE COPY



Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010

	As at 31.03.2010 Rs	As at 31.03.2009 Rs
SCHEDULE - "1"		
SHARE CAPITAL		
Authorised :		
2,40,000 (P Y 2,40,000) Equity Shares of Rs. 10/- each	2,400,000	2,400,000
10,000 (P Y 10,000) 11% Cumulative Redeemable Preference shares of Rs. 10/- each	100,000	100,000
	<u>2,500,000</u>	<u>2,500,000</u>
Issued :		
2,40,000 (P Y 2,40,000) Equity shares of Rs. 10/- each	<u>2,400,000</u>	<u>2,400,000</u>
Subscribed and Paid-up		
2,00,000 (P Y 2,00,00) Equity Shares of Rs. 10/- each fully paid-up in cash	<u>2,000,000</u>	<u>2,000,000</u>
SCHEDULE - 2		
RESERVES & SURPLUS		
Capita Redemption Reserve	15,000	15,000
General Reserve	213,806	213,806
Profit & Loss Account	3,954,445	2,473,123
Grand Total	<u>4,183,251</u>	<u>2,701,929</u>

CERTIFIED TRUE COPY



Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010**SCHEDULE - "3"****INVESTMENTS****Long Term - Other than Trade (At Cost)**

Name of the Company	Face Value (Rs.)	As at 31st March, 2010		As at 31st March, 2009	
		No. of Shares	Cost (Rs.)	No. of Shares	Cost (Rs.)
QUOTED:					
Fully paid-up Equity Shares :-					
The Grob Tea Co. Ltd	10	---	---	29,358	1,256,473
The Patna Electric Supply Co. Ltd	10	300	2,420	300	2,420
PSM Ltd	10	50	1,250	50	1,250
Bank of India	10	700	17,450	700	17,450
Pentamedia Graphics Ltd	10	990	167,555	990	167,555
			<u>188,675</u>		<u>1,445,148</u>
UNQUOTED:					
Fully paid up equity shares :-					
Tara Investments Ltd	10	1,000	50,000	1,000	50,000
			<u>50,000</u>		<u>50,000</u>
			<u>238,675</u>		<u>1,495,148</u>
Less : Provision for Diminution in Value of Quoted Investments			199,565		362,078
		GRANDTOTAL	<u>39,110</u>		<u>1,133,070</u>
Market value of Quoted Shares			250,980		2,273,376

CERTIFIED TRUE COPY

39



Schedules annexed to and forming part of the Balance Sheet as at 31st March, 2010

	As at 31st march, 2010 Rs	As at 31st March 2009 Rs
SCHEDULE -4		
CASH & BANK BALANCES		
Cash in hand (<i>as certified by the management</i>)	3,780	1,647
Balance with Scheduled Banks		
– Current account	12,840	3,322,152
Total	16,620	3,323,799
 SCHEDULE -5		
CURRENT ASSETS, LOANS & ADVANCES		
Loans		
- To Bodies Corporate	5,500,000	—
Sundry debtors	25,000	
Interest Receivable	563,006	49,079
Advance Income Tax Payments (Net of Provisions)	—	55,891
Total	6,088,006	104,970
 SCHEDULE -6		
CURRENT LIABILITIES & PROVISIONS		
Income Tax Provisions (Net of Advances)	90,387	—
Outstanding Liabilities	5,056	5,056
	95,443	5,056

CERTIFIED TRUE COPY

40



Schedule annexed to and forming part of the Profit & Loss Account for the year ended 31st March, 2010

	For the year ended 31.03.2010 Rs.	For the year ended 31.03.2009 Rs.
SCHEDULE -7		
ADMINISTRATIVE AND OTHER EXPENSES		
Depository & Bank charges	1,413	282
Directors fees	1,900	1,500
Filing fees	5,000	1,530
General Charges	6,547	3,545
Conveyance	2,153	2,558
Auditors Remuneration		
As Audit fees	5,056	5,056
In other capacity	-	2,247
Professional fees	2,500	1,500
Rates & Taxes	4,750	4,550
Secretarial Audit fees	-	1,650
Total	29,319	24,418

SCHEDULE -8**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:****Accounting Policies****1) Basis of Preparation of Financial Statements**

- a) The financial statements have been prepared under historical cost convention in accordance with the provisions of the Companies Act.
- b) The Company generally follows mercantile system of accounting and recognises significant items of Income & Expenditure on accrual basis

2) Investments :

- a) All investments classified as long Term are carried at cost. Provision for diminution in the value has been made if such fall is considered other than temporary in nature.
- b) Dividends are accounted for on receipt basis.

3) Interest on loan:

Interest on Loan is accounted for on accrual basis except in case of Non- Performing assets, in respect of which income is not recognised as there is uncertainty as to ultimate realisation.

4) Taxation :-

Current tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws. Deferred tax is recognised subject to consideration of prudence in respect of deferred tax asset, on timing difference, being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods and is measured using tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realisation.



5) Provisions, Contingent Liabilities & Contingent assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent Assets are neither recognised nor disclosed in the Financial statements. Contingent liabilities if material are disclosed by way of notes on Accounts.

NOTES OF ACCOUNTS

- a) The entire subscribed & paid-up Share Capital of 2,00,000 nos. Equity Shares are held by the Holding Company SALEM ERODE INVESTMENTS LTD and its nominees.
 b) Related parties as identified by the management as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India

i) **Name of the parties where control exists**
 Salem Erode Investments Ltd (Holding Company)

ii) **Key management personnel**
 Mrs Padma Kanoria

iii) **Particulars of Transactions during the year ended 31st March, 2010**

Nature of Transaction	Salem Erode Investments Ltd	Maximum balance during the year	Balance outstanding at the year end
Loans Given	200,000	2,700,000.00	---
Repayment of Loans received	2,700,000	---	---
Interest Received/ Receivable	92,071	---	---

c) The company has one business segment. Accordingly, there are no reportable segments as per Accounting standard 17 issued by the Institute of Chartered Accountants of India in "Segment Reporting".

d) There are no amounts outstanding to Small Scale Undertakings as on the date of balance sheet.

e) The deferred tax asset comprise as the following :

	2009- 10	2008-09
	Rs	Rs
Long Term Capital Losses carried forward	93,847	70,558
Provision for Dim. In value of investments.	34,044	74,588
	<u>127,891</u>	<u>145,146</u>
(Charge) / Credit for the year	17,254	(63,989)

f) Basis for calculation of basic and diluted earning for share is as under :

Particulars	2009-10	2008 09
	Rs	Rs
a. Profit after taxes	1,561,937	215,927
b. Weighted average number of shares	200,000	200,000
c. Face value	10	10
d. Basic and diluted earning per share (a / b)	7.81	1.08

g) Previous years figures have been re-grouped / re-arranged wherever necessary.

In terms of report of even date
 For D.K. CHHAJER & CO.
 Chartered Accountants
 (FRN 304138E)
 (NIRAJK JHUNJHUNWALA)
 Partner
 Mem. no : F057170
 Kolkata
 Dated : 16th July, 2010

PADMA KANORIA (MRS)
 S C BHATTACHARYYA
 AKASH HAMIRBASIA

Directors

CERTIFIED TRUE COPY



Balance Sheet Abstract And Company's General Business Profile
(Submitted in terms of Part IV of the Companies Act, 1956)

I. Registration Details

Registration no.
U 01132 WB 1986 PTC 040840

State Code
21

Balance Sheet

Date
31

Month
3

Year
2010

II. Capital raised during the year (Figures in Rupees)

Public Issue
NIL

Right Issue
NIL

Bonus Issue
NIL

Private Placement
NIL

III. Position of Mobilisation and Deployment of Funds (Figures in Rupees)

Total Liabilities
6,210,485

Total Assets
6,210,485

Sources of Funds

Paid-up Capital
2,000,000

Reserves & Surplus
4,210,485

Secured Loans
NIL

Unsecured Loans
NIL

Application of Funds

Net Fixed Assets
NIL

Investments
73,411

Deffered Tax Assets
127,892

Net Current Assets
6,009,183

Misc. Expenditure
NIL

Accumulated Losses
NIL

IV. Performance of Company (Figures in Rupees)

Total Income
1,863,511

Total Expenditure
29,319

+/- Profit/loss bef Tax
1,834,192

+/- Profit/loss after Tax
1,561,937

+/- Earning per share
7.81

Dividend rate %
NIL

V. Generic Names of Principal Products / Services of Company (as per monetary terms)

Item Code no. (ITC Code)

NIL

Product Description

NIL



AUDITORS REPORT

TO THE MEMBERS OF SALEM ERODE INVESTMENTS LIMITED

We have audited the attached Consolidated Balance Sheet of **Salem Erode Investments Limited**, its subsidiary and associates as at 31st March 2010 and consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year ended.

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. These 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 the test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.

We have audited the financial statement of the subsidiary and Tara Investments Ltd, an associate. Financial Statements of subsidiary reflects total assets of **Rs 61,83,251/-** as at 31st March 2010 and total profit of **Rs. 15,34,703/-** for the year ended.

On the basis of information and explanations given to us and on the consideration of separate audit reports on individual audited statements of **Salem Erode Investments Ltd** and its aforesaid subsidiary and associates, in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

1. In the case of the Consolidated Balance Sheet of the consolidated state of affairs of Salem Erode Investments Limited as at 31st March 2010;
2. In case of the Consolidated Profit and Loss Account of the consolidated results of operations of Salem Erode Investments Limited and its subsidiary and attributable profit of the Associate for the year ended on that date; and
3. In case of Consolidated Cash Flow statement of the consolidated cash flow of Salem Erode Investments Limited and its subsidiaries for the year ended on the date.

For **D K Chhajer & Co**
Chartered Accountants

(FRN 304138E)
Niraj K Jhunjhunwala
Partner
Mem no. F057170
Kolkata 700 001
Dated : 16th July, 2010

CERTIFIED TRUE COPY



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31-3-2010		As at 31-3-2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders Funds					
Capital	1	1,319,625		1,319,625	
Reserves & Surplus	2	<u>56,738,389</u>	<u>58,058,014</u>	<u>52,724,896</u>	<u>54,044,521</u>
			<u>58,058,014</u>		<u>54,044,521</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	3	501,706		353,659	
Less : Depreciation		<u>46,995</u>	<u>454,711</u>	<u>279,329</u>	<u>74,330</u>
INVESTMENTS	4		<u>21,813,272</u>		<u>20,118,837</u>
DEFERRED TAX ASSETS			<u>817,716</u>		<u>983,432</u>
CURRENT ASSETS, LOANS AND ADVANCES					
Sundry Debtors		25,000		-	
Inventories	5	70,435		105,599	
Cash and Bank balance	6	1,762,208		32,389,670	
Loans and Advances	7	<u>34,314,126</u>		<u>1,713,712</u>	
		<u>36,171,769</u>		<u>34,208,981</u>	
Less: CURRENT LIABILITIES AND PROVISIONS					
a) Current Liabilities	8	727,985		632,434	
b) Provisions	9	471,470		708,624	
		<u>1,199,455</u>		<u>1,341,058</u>	
NET CURRENT ASSETS			<u>34,972,314</u>		<u>32,867,922</u>
			<u>58,058,014</u>		<u>54,044,521</u>
Notes On accounts	12				

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

This is the Balance Sheet referred to in our report of even date.

For **D.K. CHHAJER & CO.**

Chartered Accountants

(FRN 304138E)

(NIRAJ K JHUNJHUNWALA)

Partner

Mem. no : F057170

Kolkata

Dated : 16th July, 2010

PADMA KANORIA (Mrs.)

KUSUM KANORIA (Mrs.)

PRERANA GOENKA (Mrs.)

Directors

CERTIFIED TRUE COPY



SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	<u>Schedule</u>	Year ended 31st March, 2010	Year ended 31st March, 2009
INCOME			
Sale of Shares		80,579	
Profits in sale of Investments		2,158,096	12,318,468
Other Income	10	3,707,566	1,091,462
Closing Stock of Shares and Debentures		70,435	105,599
Liabilities no longer required written - back		6,073	
Provision for Diminution in the value of Investments. Written-back		393,797	
		<u>6,416,546</u>	<u>13,515,529</u>
EXPENDITURE			
Opening Stock of Shares and Debentures		105,599	105,599
Administrative and Other Expenses	11	813,340	1,221,987
Depreciation		34,376	32,395
Securities Transaction Tax		23,566	
Provision for diminution in value of Investments		-	948,486
		<u>976,881</u>	<u>2,308,467</u>
Profit/(Loss) before Taxation		5,439,665	11,207,062
Provision for Taxation			
Current Tax		(1,005,000)	(1,393,000)
Deferred Tax		(165,716)	701,909
Fringe Benefit Tax		-	(6,770)
Profit / (Loss) after Taxation		4,268,949	10,509,201
Income tax of earlier years written back		(9,728)	
		<u>4,259,222</u>	<u>10,509,202</u>
Share of Profit/ (Loss) of Associate Companies		217,413	3,121,010
Balance brought forward from previous year		27,997,360	17,995,290
Amount available for appropriation		32,473,995	31,625,502
Appropriations			
Proposed Dividend		395,865	395,865
Corporate Tax on Dividend		67,277	67,277
Transfer to General Reserve		300,000	1,055,000
Transfer to Statutory Reserve		600,000	2,110,000
Balance Carried forward to Balance sheet		31,110,853	27,997,360
		<u>32,473,995</u>	<u>31,625,502</u>
Earning per share (Basic and Diluted) (face value of Rs. 10/-)		33.93	103.29
Notes on the Accounts	12		

The Schedules referred to above form an integral part of the Profit and Loss Account
This is the Profit and Loss Account referred to in our report of even date.

For **D.K. CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)
(NIRAJ K JHUNJHUNWALA)
Partner
Mem. no : F057170
Kolkata
Dated : 16th July, 2010

PADMA KANORIA (Mrs.)
KUSUM KANORIA (Mrs.)
PRERANA GOENKA (Mrs.)

Directors

CERTIFIED TRUE COPY



SALEM ERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31st March, 2010

	31st March 2010 Rs.	31st March 2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / Loss before tax and extra-ordinary items	5,439,665	11,207,062
Adjustment for :-		
Income from Dividend	(388,978)	(336,907)
Depreciation	34,376	32,395
Interest on Loans	(3,028,666)	(751,755)
Provision for Diminution in value of investments	(393,797)	948,486
Profit on sale of Investments	(2,158,096)	-
Loss on sale of Future transaction in shares	9,832	-
Profit on sale of Fixed Asset	(58,276)	-
Liabilities no longer required	(6,073)	-
Operating profit before working capital changes	(550,013)	11,099,281
Adjustments for :-		
Trade & Other receivables	(30,58000)	11534858
Inventories	35,164	-
Trade Payables	95,551	(47,823)
Cash generated from operations	(30,977,298)	22,586,316
Direct Taxes paid (Net)	(1,253,179)	(1,152,109)
Net cash from operating activities: (A)	(32,230,477)	21,434,207
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(456,481)	-
Sale of Fixed Asset	100,000	-
Sale / Redemption of Investments	5,316,456	12,219,212
Purchase of Investments	(4,251,413)	-
Dividends	388,978	336,907
Interest on Loan	968,619	751,755
Net Cash used in investing activities: (B)	2,066,159	13,307,874
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid	(395,865)	(395,865)
Corporate Dividend Tax	(67,277)	(67,277)
Unsecured Loans	-	(2,500,000)
Net cash used in Financing activities: (C)	(463,142)	(2,963,142)
Net(Decrease)/increase in cash and cash equivalent (A+B+C)	(30,627,462)	31,778,939
Cash and cash equivalent Closing Balance	32,389,670	610,731
Cash and cash equivalent Closing Balance	1,762,208	32,389,670

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

For **D.K. CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)
NIRAJ K JHUNJHUNWALA
Partner
Mem. no : F057170
Kolkata
Dated : 16th July, 2010

PADMA KANORIA (Mrs.)
KUSUM KANORIA (Mrs.)
PRERANA GOENKA (Mrs.)

Directors

CERTIFIED TRUE COPY



SALEMERODE INVESTMENTS LIMITED
 CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
 as at 31st March, 2010

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
SCHEDULE - 1		
SHARE CAPITAL -		
Authorised		
3,60,000 Equity Shares of Rs. 10/- each	3,600,000	3,600,000
40,000 6 1/2% Cumulative Redeemable Preference Shares of Rs. 10/- each	400,000	400,000
	<u>4,000,000</u>	<u>4,000,000</u>
Issued, Subscribed and Paid-up		
1,31,955 Equity Shares of Rs. 10/- each fully paid-up	1,319,550	1,319,550
Add : Forfeited Shares	75	75
	<u>1,319,625</u>	<u>1,319,625</u>

Note : Of the above 43,985 Shares allotted as fully paid-up Bonus
 Shares by way of capitalisation of General Reserve.

SCHEDULE - 2

RESERVES AND SURPLUS

Capital Redemption Reserve		400,000		400,000
General Reserve -				
Opening Balance	16,584,116		15,529,116	
Transfer from Profit & Loss Account	300,000	16,884,116	1,055,000	16,584,116
Statutory Reserve Fund -				
Opening Balance	6,560,000		4,450,000	
Add : Transfer from Profit & Loss A/c	600,000	7,160,000	2,110,000	6,560,000
Capital Reserve on Consolidation of Subsidiary		1,183,420		1,183,420
Profit and Loss Account		31,110,853		27,997,360
		<u>56,738,389</u>		<u>52,724,896</u>

CERTIFIED TRUE COPY



SALEM ERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2010

SCHEDULE - 3

FIXED ASSETS:

Particulars	AT COST			DEPRICIATION				NET BALANCE		
	As at 31st March 2009 Rs	Addition during the year Rs	Deductions during the year Rs	As at 31st March 2010 Rs	As at 31st March 2009 Rs	Addition during the year Rs	Deductions during the year Rs	As at 31st March 2010 Rs	As at 31st March 2010 Rs	As at 31st March 2009 Rs
Computer	45,225	-	-	45,225	24,970	8,102	-	33,072	12,153	20,255
Motor Car	308,434	456,481	308,434	456,481	254,359	26,274	266,710	13,923	442,558	54,075
	353,659	456,481	308,434	501,706	279,329	34,376	266,710	46,995	454,711	74,330
Previous year	353,659	-	-	353,639	246,934	32,395	-	279,329	74,330	-

	As at 31st March, 2010 IRs.	As at 31st March, 2009 Rs.
SCHEDULE - 4		
INVESTMENTS:		
INVESTMENT IN ASSOCIATES		
Equity Investments in associates by the Holding Company	446,500	446,500
Equity Investments in associates by the Subsidiary Company	50,000	50,000
	<u>496,500</u>	<u>496,500</u>
Add/(Less) :Adjustments for post acquisition share of profit/(loss)of associates (equity Method)	12,479,549	12,262,136
	<u>12,976,049</u>	<u>12,758,636</u>
OTHER INVESTMENTS		
Equity Shares	10,955,766	9,872,540
	<u>23,931,815</u>	<u>22,631,176</u>
Less : Provision for Diminution in Value of Investments	2,118,543	2,512,339
	<u>21,813,272</u>	<u>20,118,837</u>
SCHEDULE - 5		
STOCK OF SHARES AND DEBENTURES		
Fully paid-up Equity Shares-	70,435	105,599
	<u>70,435</u>	<u>105,599</u>

CERTIFIED TRUE COPY



SALEMERODE INVESTMENTS LIMITED
 CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
 as at 31st March, 2010

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
SCHEDULE -6		
CASH AND BANK BALANCES		
Cash in hand	6,328	7,505
Bank Balances - (With Scheduled Banks) :		
On Current Account	1,523,444	32,197,447
On Unpaid Dividend Account	179,171	131,453
On Preference Share Redemption Account	53,265	53,265
	<u>1,762,208</u>	<u>32,389,670</u>

SCHEDULE -7

LOANS AND ADVANCES

(Unsecured Considered good unless
 otherwise stated)

Loans :

Considered good	32,100,000	1,600,000	
Considered doubtful	1,600,000	1,600,000	
	<u>33,700,000</u>	<u>3,200,000</u>	
Less : Provision for doubtful debts	<u>1,600,000</u>	32,100,000	<u>1,600,000</u> 1,600,000

Advances recoverable in cash or in

kind or for value to be received :

Interest receivable	2,109,126	72,000	41,712
---------------------	-----------	--------	--------

Deposits:

With Joint Stock Company	250,000	250,000	
Interest accrued thereon	14,185	14,185	
	<u>264,185</u>	<u>264,185</u>	
Less : Provision for doubtful debts	<u>264,185</u>	-	<u>264,185</u> -

34,314,126

1,713,712

CERTIFIED TRUE COPY

50



SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2010

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
SCHEDULE-8		
CURRENT LIABILITIES		
Liabilities for Expenses	495,549	448,540
Unclaimed Dividends (Refer Note below)	179,171	130,629
Unclaimed Preference Shares on redemption	53,265	53,265
	<u>727,985</u>	<u>632,434</u>

Note : This does not include any amount due for deposit to "The investors Education & Protection Fund"

SCHEDULE-9

PROVISIONS

Proposed Dividends	395,865	395,865
Corporate Tax on Dividend	67,277	67,277
Provision of Income Tax (Net of Advance Tax)	8,328	245,482
	<u>471,470</u>	<u>708,624</u>

SCHEDULE-10

OTHER INCOME

Dividend (Gross)	388,978	336,907
Interest on Loan (Gross)	3,028,666	751,755
(Tax deducted at source Rs.10,220/-P.Y. Rs.40,456/-)		
Interest on Others (Gross)	231,646	-
Profit on Sale of Assets	58,276	-
Misc incomes	-	2,800
	<u>3,707,566</u>	<u>1,091,462</u>

CERTIFIED TRUE COPY



SALEM ERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

SCHEDULE ANNEXED TO AND FORMING PART OF THE CONSOLIDATED ACCOUNTS
as at 31st March, 2010

	For the year ended 31st March 2010		For the year ended 31st March 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - 11				
ADMINISTRATIVE AND OTHER EXPENDITURES				
Advertisements		10,595		7,823
Auditors remuneration				
As Statutory fees	14,983		14,984	
In Other capacity	18,200	33,183	10,295	25,279
Computer Expenses		4,817		7,922
Conveyance		7,524		7,812
Depository & bank charges		22,151		1,292
Directors fees		5,100		4,500
Donation		-		500,000
General charges		19,670		16,933
Insurance charges		4,032		2,815
Interest paid		1,278		
Legal charges		50,000		-
Loss on future transactions of shares		9,832		-
Motor car running expenses		27,497		35,334
Postage, Telephone & Telegram		16,140		21,522
Printing & Stationary		10,237		8,825
Professional fees		231,828		472,947
Rent, Rates & Taxes		53,816		32,900
Registrar & Transfer Agent fees		15,444		19,103
ROC Filing fees		10,000		3,060
Salaries		251,000		35,100
Secretarial Audit fees		7,800		8,025
Service Tax & Cess		7,829		-
Subscriptions		13,567		10,795
		<u>813,340</u>		<u>1,221,987</u>



SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS AS AT 31st MARCH 2010

SCHEDULE 12

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Principles of consolidation

The consolidated financial statements relate to Salem Erode Investments Ltd. ('the Company') and its subsidiary company Osco Tea Ltd. The consolidated financial statement have been prepared on the following basis :

- i) The financial statements of the Company and its subsidiary company are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses and adjustment of changes in carrying amount in value of investment of associate companies in accordance with Accounting Standard (AS) 21- "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
 - ii) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statement as Goodwill or Capital Reserve as the case may be.
 - iii) In case of associates where the company directly or through subsidiaries holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.
 - iv) The Company accounts for its share in the change in the net assets of the associates, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Profit and Loss account to the extent such change is attributable to the associates' Profit and Loss account and through its reserves for the balance.
 - v) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
 - vi) As far as possible the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard 13 on "Accounting for Investments."
3. **Other significant accounting policies :-**
These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Salem Erode Investments Limited and its subsidiary.

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT :

1 The subsidiary company considered in the consolidated financial statements is :

Name of the subsidiary	Country of incorporation	Proportion of ownership interest
OSCO Tea Ltd.	India	100%

2 The significant associate companies considered in the consolidated financial statements is :

Name of the associate companies	Country of incorporation	Proportion of ownership interest
Tara Investments Ltd	India	32.42%



SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

3 As required by the Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statement issued by the Institute of Chartered accountants of India, the carrying amount of Investments in Associates at the beginning of the year has been restated by applying "Equity Method" of accounting from the date of acquisition of the associates and corresponding adjustment has been made to the retained earnings at the beginning of the year eliminating unrealised profits, if any.

	<u>31st March 2010</u>	<u>31st March 2009</u>
4 Contingent liabilities :		
In respect of income Tax Assessments for earlier yrs	(9,728)	69,230
5 Total number of Shares/Debentures purchased	238,402	1,120
6 Total number of Shares/Debentures sold/redeemed	74,183	307,945
7 The deferred tax asset as at 31st March 2010 comprise as the following :		
	<u>31st March 2010</u>	<u>31st March 2009</u>
Related to fixed assets	8,338	71,926
Carry forward losses under Income tax	372,959	349,670
Provision for Diminution in value of Investments	436,420	561,837
	<u>817,717</u>	<u>983,432</u>

8 The Company has one business segment. Accordingly there are no reportable segments as per Accounting Standards 17 issued by the Institute of Chartered Accountants of India on "Segment Reporting".

9 There are no amount outstandings to Small Scale Undertakings as on the date of Balance Sheet.

10 Related parties as identified by the management as per Accounting Standards 18 issued by the Institute of Chartered Accountants of India

a) **Name of the parties where control exists**

OSCO Tea Ltd Ltd , subsidiary of the Company

b) **Associate**

Tara Investments Ltd

c) **Companies/Firms in which Directors/their relative are interested**

Tinnevelley Tuticorin Investments Ltd

d) **Key management Personnel**

Mrs. Padma Kanoria - Director

CERTIFIED TRUE COPY



SALEMERODE INVESTMENTS LIMITED
CONSOLIDATED FINANCIAL STATEMENT

Particulars of the transactions during the year ended 31st March, 2010

(Rs. in lacs)

Nature of Transaction	Osco Tea Ltd	Tara Investments Ltd	Mrs. Padma Kanoria	Tinnevelley Tuticorin Investments Ltd.
Loans Taken	0(2)	-	-	-
Loans Given	-	225 (0)	-	-
Repayment of Loans	0(27)	-	-	-
Investments in Equity	-	-	-	-
Interest Payable/Paid	0(0.92)	-	-	-
Interest Receivable/Received	-	-	-	-
Directors Fee	-	-	0.01(0.01)	-
Dividend Paid	-	0.78(0.78)	0.97(0.67)	0.76(0.76)
Rent	-	-	-	-
Balance outstanding at the year end				
Loans Taken	0(25)	-	-	-
Loans Given	-	150 (0)	-	-
Investment in Equity	8.17(8.17)	4.47(4.47)	-	3.95(3.95)
Rent payable/Paid	-	-	-	-
Maximum balance during the year				
Loans Taken	0(27)	-	-	-
Loans Given	-	225 (0)	-	-

* Figures of previous years have been shown in brackets

11. Figures of the previous year have been re-grouped and re-arranged wherever necessary.

For **D.K. CHHAJER & CO.**
Chartered Accountants
(FRN 304138E)
NIRAJ K JHUNJHUNWALA
Partner
Mem. no : F057170
Kolkata
Dated : 16th July, 2010

PADMAKANORIA (Mrs.)
KUSUMKANORIA (Mrs.)
PRERANA GOENKA (Mrs.) } Directors

CERTIFIED TRUE COPY



PROXY
SALEM ERODE INVESTMENTS LIMITED

I/We
of in the
district of being a member/members of
the above mentioned Company hereby appoint
of in the District of
or failing him
in the district of as my/our proxy
to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on the 27th August,
2010 and at any adjournment thereof.

Signed this day of 2010.

Signed by the said



NOTE: The proxy must be deposited at the Registered Office of the Company at 14, Motilal Nehru Road, Kolkata - 700 020 not less than 48 hours before the time of holding the meeting.

CERTIFIED TRUE COPY



PRINTED MATTER — BOOK POST

To

CERTIFIED TRUE COPY

If undelivered please return to :—

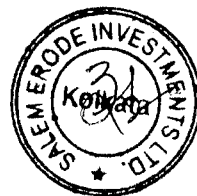
NICHE TECHNOLOGIES PVT. LTD.

Registrar & Transfer Agents

Unit : **SALEM ERODE INVESTMENTS LIMITED**

D-511, Bagree Market, 5th Floor

71, Canning Street, Kolkata - 700 001



Designed & Printed by :

Laser IMAGES Pvt. Ltd.

☎ (033) 2210-4084, 2231-9270