

**KALYANIWALLA
& MISTRY (Regd.)**

CHARTERED ACCOUNTANTS

**REPORT OF THE AUDITORS
TO THE BOARD OF DIRECTORS OF
KANUMANEK TRADING COMPANY LIMITED**

1. We have audited the attached Consolidated Balance Sheet of **Kanumanek Trading Company Limited** ("the Company") and its subsidiary companies – (together referred to as 'the Group') as at March 31, 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flows Statement for the year ended on that date, annexed thereto (all together referred to as "the consolidated financial statements"). These consolidated financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other information regarding components. Our responsibility is to express an opinion on these consolidated 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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 – 'Consolidated Financial Statements', as notified under Rule 3 of the Companies (Accounting Standards) Rules 2006.
4. The previous year report was modified on account of the determination of cost of investments by the Subsidiary Company on first-in-first-out basis instead of average cost basis prescribed by Accounting Standard AS-13 'Accounting for Investments'. As stated in note "23" to the financial statements, the Subsidiary Company has with effect from April 01, 2011 changed the basis of determination of cost of investments to average cost basis.
5. Based on our audit as aforesaid and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary company and to the best of our information and according to the explanations given to us, we are of the opinion that the consolidated financial statements read with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:



**KALYANIWALLA
& MISTRY**

- i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
- ii) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date ; and
- iii) in the case of Consolidated Cash Flows Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No. : 104607W

Viraf R Mehta

Viraf R Mehta

Partner

Membership No: 32083



Place: Mumbai

Date: 30 May, 2012

KANUMANEK TRADING COMPANY LIMITED

Consolidated Balance Sheet As At March 31, 2012

	Notes	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	1,500,000	1,500,000
Reserves and Surplus	4	1,190,477,957	1,089,839,607
		<u>1,191,977,957</u>	<u>1,091,339,607</u>
Non Current Liabilities			
Current Liabilities			
Short-term Borrowings	5	2,000,000	2,000,000
Trade payables	6	231,740	-
Other Current Liabilities	7	468,164	544,310
Short-term provisions	8	6,600,180	4,204,136
		<u>9,300,084</u>	<u>6,748,446</u>
TOTAL		<u><u>1,201,278,041</u></u>	<u><u>1,098,088,053</u></u>
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	9	1,277,059	1,578,533
Non-current investments	10	230,364,738	218,448,591
Deferred Tax Assets (net)	11	304,720	293,445
Long-term loans and advances	12	14,014,311	7,078,218
		<u>245,960,828</u>	<u>227,398,787</u>
Current assets			
Current Investments	13	309,999,900	-
Inventories	14	188,263,211	165,896,149
Cash and bank balances	15	76,030,608	470,297,531
Short-term loans and advances	16	370,616,963	230,101,420
Other current assets	17	10,406,531	4,394,166
		<u>955,317,213</u>	<u>870,689,266</u>
TOTAL		<u><u>1,201,278,041</u></u>	<u><u>1,098,088,053</u></u>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

Firm Registration No. : 104607W

Viraf Menta
Viraf Menta
Partner

Mumbai.

Dated : 30 MAY, 2012



For and on behalf of the Board

Jyotsna K. Sheth
Jyotsna K. Sheth
Director

Mumbai.

Dated : 30 MAY, 2012

Rajesh Bhagal
Rajesh Bhagal
Director

KANUMANEK TRADING COMPANY LIMITED

Consolidated Statement Of Profit And Loss For The Year Ended March 31, 2012

	Notes	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
INCOME			
Revenue from operations	18	77,164,346	68,325,022
Other Income	19	55,929,775	53,773,390
		<u>133,094,121</u>	<u>122,098,412</u>
EXPENSES			
Employee benefits expenses	20	2,869,910	2,220,113
Depreciation		356,589	474,866
Other expenses	21	10,236,275	8,260,224
		<u>13,462,774</u>	<u>10,955,203</u>
Profit before tax		119,631,347	111,143,209
Tax expense			
Current Tax		22,500,000	17,000,000
Deferred Tax		(11,275)	(15,749)
Excess provision for tax of earlier years		(3,495,728)	(185,874)
		<u>18,992,997</u>	<u>16,798,377</u>
Profit for the year		100,638,350	94,344,832
Earnings per equity share {nominal value of share Rs 10 (March 31, 2011: Rs 10)}			
Basic	22	670.92	628.97
Diluted		670.92	628.97

The accompanying notes are an integral part of the financial statements

As per our report of even date
For and on behalf of
KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS
Firm Registration No.: 104607W

Viraf R Mehta
Viraf Mehta
Partner
Mumbai.
Dated : 30 MAY, 2012



For and on behalf of the Board

Jyotsna K. Sheth
Jyotsna K. Sheth
Director
Mumbai.
Dated : 30 MAY, 2012

Rajesh Bhagat
Rajesh Bhagat
Director

KANUMANEK TRADING COMPANY LIMITED

Consolidated Cash Flow Statement For The Year Ended March 31, 2012

	Year ended March 31, 2012	Year ended March 31, 2011
A. Cash Flow from operating activities :		
Profit before tax	119,631,347	111,097,839
Adjusted for :		
Depreciation	356,589	474,866
Loss on Assets discarded	56,886	-
Loss on sale of Debentures	-	3,267,300
Profit on Sale of Investments	-	(1,856,546)
Provision for Standard Assets	413,000	587,000
Provision for Diminution in value of long term investments	827,014	406,735
Operating profit before working capital changes	121,284,836	113,977,194
Adjustment for :		
Inventories	(22,367,062)	(143,938,274)
Trade & other receivables	(146,527,908)	28,642,779
Trade & other payables	155,593	(84,953)
Cash used in operations	(47,454,541)	(1,403,254)
Direct taxes paid	(21,707,424)	(14,649,893)
Net cash used in operating activities	(69,161,965)	(16,053,147)
B. Cash flow from investing activities :		
Purchase of current investments	(309,999,900)	(103,267,300)
Purchase of non-current investments	(12,743,162)	(4,410,980)
Sale of current investments	-	100,000,000
Sale of non-current investments	-	6,770,907
Purchase of Fixed Assets (including capital advances)	(2,361,897)	(34,000)
Net Cash used in investing activities	(325,104,959)	(941,373)
C. Cash flow from financing activities	-	-
Net (decrease) in cash and cash equivalents	(394,266,924)	(16,994,519)
Cash and cash equivalents at the beginning of the year	470,297,530	487,292,051
Cash and cash equivalents at the end of the year	76,030,606	470,297,530
(Decrease) in cash and cash equivalents	(394,266,924)	(16,994,519)
Components of cash & cash equivalents		
Cash on hand	15,702	6,566
Balances with Banks:		
- on current accounts	29,740,260	8,575,295
Short term, highly liquid investments	46,274,644	461,715,669
	76,030,606	470,297,530

As per our report of even date

For and on behalf of

KALYANIWALLA & MISTRY
CHARTERED ACCOUNTANTS

Firm Registration No. : J04607W

Viraf R Mehta
Viraf Mehta
Partner

Mumbai.

Dated : 30 MAY, 2012



For and on behalf of the Board

Jyotsna K. Sheth
Jyotsna K. Sheth
Director
Mumbai.

Dated : 30 MAY, 2012

Rajesh Bhagat
Rajesh Bhagat
Director

KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

1 General information

The Consolidated financial statements are in respect of the holding company (Kanumanek Trading Company Limited) and its wholly owned subsidiary companies – Laadki Trading & Investments Limited. The said subsidiary company is incorporated in India, with its entire share capital held by the holding company and its nominees.

2 Significant accounting policy

a. Basis of consolidation

Basis of Accounting:

The consolidated financial statements relate to Kanumanek Trading Company Limited, the holding Company and its wholly owned subsidiary (collectively referred as Group). The financial statements of the subsidiary company used in the consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2012.

Principles of consolidation:

The consolidation of the financial statements of the Company with its subsidiary has been prepared in accordance with the requirements of Accounting Standard (AS) 21 "Consolidated Financial Statements". The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealized profits or losses if any are fully eliminated.

The excess of cost to the Company of its investment in the subsidiary companies over its share of the equity of the subsidiary companies, at the date on which the investment in the subsidiary companies is made, is recognized as goodwill, being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment, is in excess of the cost of investment to the Company, it is recognized as 'capital reserve' and shown under the head 'Reserves and Surplus' in the consolidated financial statements.

Minority interest in the net assets of the subsidiaries consists of the amount of equity attributable to the minority shareholders, if any, at the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

b. Basis of preparation

The financial statements have been prepared on the accrual basis of accounting, under the historical cost convention and in conformity in all material aspects with generally accepted accounting principles in India and the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

c. Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.

d. Tangible Assets

Tangible assets are stated at cost of acquisition, including taxes and incidental expenses related to acquisition and financing costs on borrowing during construction period, less accumulated depreciation.



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

e. Depreciation

Depreciation on fixed assets is provided on written down value method in the manner and at the rates prescribed under Schedule XIV to the Companies Act, 1956.

Fixed assets, costing not more than Rs.5,000 each, are depreciated at the rate of 100% in the year of capitalization.

f. Assets impairment

The carrying amounts of the Company's tangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated in order to determine the extent of impairment loss, if any. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The impairment loss, if any, is recognized in the Statement of Profit and Loss in the period in which impairment takes place.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, however subject to the increased carrying amount not exceeding the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior accounting periods.

g. Investments

Investments that are readily realizable and are intended to be held for not more than one year from the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments.

Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognize a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

Investment property: Investment in buildings that are not intended to be occupied substantially for use by, or in the operations of, the Company, have been classified as investment property. Investment properties are carried at book value.

h. Stock in trade

Stock-in-trade is valued at lower of cost and net realizable value as of the balance sheet date. Cost is arrived at on first-in-first-out basis.

i. Revenue Recognition

Purchase and sale of shares and securities are accounted on the respective trade dates. Accordingly, profit or loss from dealing in shares and securities is recognized on the said dates.

In respect of contracts relating to specified shares carried over to a subsequent settlement without taking or giving deliveries, profits or losses are recognized on settlement dates or the squaring up dates, whichever is earlier.

Dividend income is accounted when the right to receive the same is established.

Interest income is recognized on a time proportion basis unless the collection is doubtful.

j. Derivative contracts

Initial /additional margin paid for futures / options is disclosed under the head 'current assets'. Contracts are marked to market in accordance with the prevalent regulations, and the amount receivable or payable is disclosed under the head 'current assets' or 'current liabilities', as the case may be. The profit or loss on settlement of derivative contracts is recognized in the Statement of Profit and Loss. As on the balance sheet date, provision for loss on open futures contracts is made to the extent of mark-to-market margin paid, while for open options, to the extent premium paid exceeds premium prevailing on the balance sheet date. Gain in respect of open positions is not recognized.

k. Employee Benefits

The provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees' State Insurance Act, 1948 are not applicable to the Company.



KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

l. Provision for Taxation

Tax expense comprises both current and deferred tax .

Provision for current Income tax is made on the basis of the assessable income for the year. Minimum Alternate Tax (MAT) credit, which is equal to the excess of MAT (calculated in accordance with provisions of section 115JB of the Income Tax Act, 1961) over normal income tax is recognized as an asset by crediting the Statement of Profit and Loss only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period of seven succeeding assessment years.

The deferred income tax on timing differences is recognized, applying tax rates according to income tax laws enacted or substantially enacted as of the balance sheet date. Timing differences are differences between accounting income and taxable income that arise in one accounting year and which are capable of reversal in later years.

Deferred tax assets are recognized only if there is reasonable certainty that they will be realized; however, in case of unabsorbed losses / carry forward depreciation, assets are recognized only when it is virtually certain that the Company will have sufficient future taxable income against which the unabsorbed loss / depreciation can be set off. The carrying amount of deferred tax assets is reviewed of each balance sheet date.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

m. Provision for Contingent Liabilities

Provisions are recognized in the accounts in respect of Present probable obligations, the amount of which can be reliably estimated. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company.

n. Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

o. Earnings per share

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

p. Segment Accounting Policies

The following specific accounting policies have been followed for segment reporting:

Segment revenue includes income directly identifiable with/allocable to the segment.

Expenses that are directly identifiable with/allocable to the segment are considered for determining the segment results.

Income and expenses that relate to the Company as a whole and not allocable to segments are included in the unallocable income/expenses.

Segment assets and liabilities included those directly identifiable with the respective segments. Unallocable assets and liabilities represent that relate to the company as a whole and not allocable to the segment.



KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
3 - Share Capital		
Authorized 150,000 (March 31, 2011: 150,000) Equity Shares of Rs. 10/- each	1,500,000	1,500,000
Issued, subscribed and paid up 150,000 (March 31, 2011: 150,000) Equity Shares of Rs. 10/- each fully paid	1,500,000	1,500,000
Total Issued, subscribed and paid up	<u>1,500,000</u>	<u>1,500,000</u>

(a) Reconciliation of shares outstanding at the beginning and at the end of the year

Equity shares

	As at March 31, 2012		As at March 31, 2011	
	Nos	Rupees	Nos	Rupees
Outstanding at the beginning of the year	150,000	1,500,000	150,000	1,500,000
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	<u>150,000</u>	<u>1,500,000</u>	<u>150,000</u>	<u>1,500,000</u>

(b) Rights, preferences and restrictions attached to shares

Equity Shares

The company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares	% of holding	No. of Shares	% of holding
Equity shares of Rs 10 each fully paid				
Kanaiyalal M. Sheth	62,586	42%	62,586	42%
Bharat K Sheth	46,652	31%	46,652	31%
Ravi K Sheth	24,989	17%	24,989	17%
Ivotsna K Sheth	10,243	7%	10,243	7%

(d) Shares allotted as fully paid up by way of bonus shares (during 5 years immediately preceding March 31, 2012):

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Equity shares allotted as fully paid up bonus shares by capitalization of capital redemption reserve					



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
4 - Reserves and Surplus		
Capital Reserve on Consolidation		
Balance as per last financial statements	475,000	475,000
Capital reserve I		
Balance as per last financial statements	3,751,000	3,751,000
Capital reserve II		
Balance as per last financial statements	5,927,500	5,927,500
Capital redemption reserve (refer note (a) below)		
Balance as per last financial statements	17,026,000	17,026,000
Reserve under section 45IC of the RBI Act		
Balance as per last financial statements	207,641,649	188,141,649
Add : Transfer from surplus in statement of profit & loss	25,000,000	19,500,000
	<u>232,641,649</u>	<u>207,641,649</u>
General Reserve		
Balance as per last financial statements	22,919,873	23,381,317
Less: Transfer to profit & loss	-	461,444
	<u>22,919,873</u>	<u>22,919,873</u>
Surplus in Statement of Profit and Loss		
Balance as per last financial statements	832,098,585	756,792,309
Profit for the year	100,638,350	94,344,832
Add: Transfer from General reserve	-	461,444
Less : Appropriations	-	-
Transfer to reserve u/s 45IC of the RBI act	25,000,000	19,500,000
	<u>907,736,935</u>	<u>832,098,585</u>
	<u>1,190,477,957</u>	<u>1,089,839,607</u>

(a) Capital redemption reserve represents the amount transferred from profit and loss on redemption of 17% Cumulative Redeemable Preference shares of Rs 100/- on February, 1996 in accordance with the requirements of section 80 of the Companies Act, 1956. The amount is net of bonus shares of Rs 475,000 issued there from.

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
5 - Short-term borrowings		
Deposits (unsecured)		
Inter corporate deposits repayable on call with 10 days notice	2,000,000	2,000,000
	<u>2,000,000</u>	<u>2,000,000</u>






KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

	<u>As at March 31, 2012 Rs.</u>	<u>As at March 31, 2011 Rs.</u>
6 - Trade payables		
Dues to Micro, Small & Medium Enterprises	-	-
Due to others	231,740	-
	<u>231,740</u>	<u>-</u>

Based on the information available with the Company, there are no outstanding dues to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006. There is no interest payable to any suppliers under the said Act.

	<u>As at March 31, 2012 Rs.</u>	<u>As at March 31, 2011 Rs.</u>
7 - Other Current Liabilities		
Tax deducted at source	78,813	29,908
Other miscellaneous liabilities	389,351	514,402
	<u>468,164</u>	<u>544,310</u>

	<u>As at March 31, 2012 Rs.</u>	<u>As at March 31, 2011 Rs.</u>
8 - Short Term Provisions		
Provision for Standard Assets	1,000,000	587,000
Provision for Taxation (net of Advance tax Rs. 62,024,820 March 31, 2011: Rs. 58,507,864)	5,600,180	3,617,136
	<u>6,600,180</u>	<u>4,204,136</u>

The table below gives information about movement in provision for standard assets

Balance as at the beginning of the year	587,000	-
Additions	413,000	587,000
Utilised	-	-
Unused amounts reversed	-	-
Balance as at the end of the year	<u>1,000,000</u>	<u>587,000</u>



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

9 - Tangible Assets

	Motor Car Rs	Office Equipments Rs	Furniture & Fixtures Rs	Computers Rs	Total Rs
Cost					
At April 1, 2010	5,254,048	564,215	803,285	332,790	6,954,338
Additions	-	34,000	-	-	34,000
Disposals	-	-	-	-	-
At March 31, 2011	5,254,048	598,215	803,285	332,790	6,988,338
Additions	-	112,000	-	-	112,000
Disposals	-	188,001	-	-	188,001
At March 31, 2012	5,254,048	522,214	803,285	332,790	6,912,337
Depreciation					
Up to April 1, 2010	3,887,237	311,184	447,070	289,448	4,934,939
Charge for the year	353,867	39,187	64,475	17,337	474,866
Disposals	-	-	-	-	-
Up to March 31, 2011	4,241,104	350,371	511,545	306,785	5,409,805
Charge for the year	262,251	31,129	52,806	10,403	356,589
Disposals	-	131,116	-	-	131,116
Up to March 31, 2012	4,503,355	250,384	564,351	317,188	5,635,278
Net block					
At March 31, 2011	1,012,944	247,844	291,740	26,005	1,578,533
At March 31, 2012	750,693	271,830	238,934	15,602	1,277,059



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

10 - Non-current investments

	Face value Rs.	As at March 31, 2012		As at March 31, 2011	
		Quantity	Rs.	Quantity	Rs.
Investment property (At book value)					
Office premises (Neelam Centre)			168,461		168,461
			168,461		168,461
Non-trade investments (fully paid, valued at cost unless stated otherwise)					
Equity shares (Quoted)					
Great Eastern Shipping Company Limited	10	2,963,024	200,842,341	2,963,024	200,842,341
Gemini Communications Limited	1	433,795	8,652,731	433,795	8,652,731
Great Offshore Limited (At cost less provision for other than temporary diminution Rs 26,713, (March 31, 2011: Rs 14,339)	10	77	7,457	77	19,831
BOSCH Limited	10	980	282,044	980	282,044
Prime Securities Limited (At cost less provision for other than temporary diminution Rs 1,551,830, (March 31, 2011: Rs 737,190)	5	59,900	769,715	59,900	1,584,355
Reliance Industries Limited	10	10	-	10	-
Reliance Power Limited	10	1	-	1	-
Reliance Communication Limited	5	5	-	5	-
			210,554,288		211,381,302
Equity Shares (Unquoted)					
Collins Stewart Inga Private. Limited (formerly Inga Advisors Private Limited)	10	70,000	700,000	70,000	700,000
Crescent Finstock Limited	10	18	-	18	-
			700,000		700,000
Exchange Traded Fund (Quoted)					
Goldman Sachs Gold Exchange Traded Scheme	100	4,073	10,868,457	-	-
Paintings and artifacts (as certified and valued by a Director) (At cost less provision for other than temporary diminution Rs 6,000,000 (March 31, 2011: Rs 6,000,000)					
			8,073,532		6,198,828
			230,364,738		218,448,591
Aggregate book value of quoted investments			221,422,745		211,381,302
Aggregate market value of quoted investments			751,533,127		796,845,619
Aggregate book value of Unquoted Investments			8,941,993		7,067,289
Aggregate provision for diminution in value of investments			7,578,543		6,751,529



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
	<hr/>	<hr/>
11 - Deferred Tax		
Assets		
Difference between book depreciation & tax depreciation	304,720	293,445
Liabilities	-	-
	<hr/> 304,720 <hr/>	<hr/> 293,445 <hr/>
	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
	<hr/>	<hr/>
12 - Long-term loans and advances		
Unsecured, considered good, unless stated otherwise:		
Capital Advances	2,249,897	-
Security Deposits	86,000	86,000
Advance income tax (net of provision of tax Rs 39,662,144 March 31, 2011; Rs 26,662,144)	11,678,414	6,992,218
	<hr/> 14,014,311 <hr/>	<hr/> 7,078,218 <hr/>



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

13 - Current investments

	Face value Rs.	As at March 31, 2012		As at March 31, 2011	
		Quantity	Rs.	Quantity	Rs.
Mutual Funds (Unquoted) (Valued at lower of cost or fair value)					
IDFC Fixed Maturity Plan Year Series 64 - Growth	10	5,500,000	55,000,000	-	-
SBI Debt Fund Series 367 Days 17 Growth	10	10,000,000	100,000,000	-	-
UTI Fixed Term Income Fund Series XI -VII - Growth	10	15,499,990	154,999,900	-	-
			<u>309,999,900</u>		<u>-</u>
Aggregate book value of Unquoted Investments			309,999,900		-
14 - Inventories					
Stock-in-trade (Valued at lower of cost and net realizable value)					
Equity Shares					
Sri Chamundi Sugar Limited	10	4,000	97,500	4,000	105,000
Great Eastern Shipping Company Limited	10	161,957	6,606,848	161,957	6,606,848
Indian Foods Fermentation Limited	10	18,300	183	18,300	183
Prime Securities Limited	5	60,000	528,000	60,000	528,000
			<u>7,232,531</u>		<u>7,240,031</u>
Bonds					
10.05% Air India Bonds	1,000,000	89	92,115,000	-	-
10.75% DPSC Bonds	200,000	24	4,908,480	-	-
11.25% DCB Limited	1,000,000	3	3,000,000	11	11,000,000
12.50% MAGMA Fincorp Ltd.	1,000,000	75	75,000,000	9	9,000,000
11.35% TATA Motors Fin Ltd.	500,000	12	6,007,200	126	63,011,200
AIRCEL CP	500,000	-	-	127	59,644,918
7.50% WSPF Bonds	100,000	-	-	160	16,000,000
			<u>181,030,680</u>		<u>158,656,118</u>
			<u>188,263,211</u>		<u>165,896,149</u>



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
15 - Cash and bank balances		
Cash and cash equivalents		
Cash on hand	15,702	6,566
Balances with Banks:		
- on current accounts	29,740,261	8,575,295
Short term, highly liquid investments (refer note below)	46,274,645	461,715,670
	<u>76,030,608</u>	<u>470,297,531</u>

Short term, highly liquid investments represents the following:

	Face value Rs.	As at March 31, 2012		As at March 31, 2011	
		Quantity	Rs.	Quantity	Rs.
Morgan Stanley Liquid Fund Daily Div	1,000	800	800,247	-	-
Templeton Indian Ultra Short B F Inst Plan D Growth	10	139,614	1,896,572	-	-
UTI Treasury Advantage Fund Inst. Growth	1,000	1,564	2,213,032	-	-
BNP Paribas Money Plus Inst. Growth	10	2,814,343	41,364,794	4,832,004	71,019,825
DWS Treasury Fund Investment Inst Plan Growth	10	-	-	13,743,689	150,000,000
IDFC Saving Advantage Fund Plan A Growth	10	-	-	145,433	200,000,000
Pramerica Ultra Short term Bond Fund Growth	10	-	-	37,035	38,295,235
Kotak Liquid inst. Daily Dividend	10	-	-	196,319	2,400,610
			<u>46,274,645</u>		<u>461,715,670</u>

	As at March 31, 2012 Rs.	As at March 31, 2011 Rs.
16 - Short-term loans and advances		
Unsecured, considered good, unless stated otherwise		
Advances recoverable in cash or kind	616,963	101,420
Inter corporate deposits (including Rs. 100,000, previous year Rs. 100,000 considered doubtful)	370,100,000	230,100,000
Less: Provision for doubtful deposit	(100,000)	(100,000)
	<u>370,616,963</u>	<u>230,101,420</u>
17 - Other current assets		
Interest accrued on Inter corporate deposits	2,553,689	-
Interest accrued on Bonds	7,852,842	4,394,166
	<u>10,406,531</u>	<u>4,394,166</u>



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
18 - Revenue from operations		
Interest		
- on bonds held as stock in trade	16,366,297	9,567,827
- on debentures	-	12,902,055
- on inter corporate deposits	50,296,116	36,476,531
- on income tax refund	1,177,815	1,110,575
	67,840,228	60,056,988
Other financial services		
Profit from delivery based trading in securities	986,794,987	642,033,728
Sales	188,263,211	165,896,149
Add: Closing Stock	1,175,058,198	807,929,877
Less : Opening Stock	165,896,149	21,957,875
Less : Purchases	1,000,019,492	775,282,771
	9,142,556	10,689,231
Profit / (Loss) on derivative trading transactions	181,562	(2,421,197)
	77,164,346	68,325,022
	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
19 - Other income		
Dividend income		
- from long term investments	19,065,046	34,221,469
- from investments held as tock-in-trade	4,665,793	2,027,626
- from current investments	83,018	1,628,904
Profit on sale of Investments (net)		-
- on long term investments	-	1,856,546
- on current investments	32,115,918	13,993,477
Profit on disposal of Investment in subsidiary	-	45,368
	55,929,775	53,773,390



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
20 - Employee benefits expenses		
Salaries, Allowances and Bonus	2,530,500	2,000,400
Staff welfare expenses	339,410	219,713
	2,869,910	2,220,113
	Year ended March 31, 2012 Rs.	Year ended March 31, 2011 Rs.
21 - Other expenses		
Legal and professional charges	3,344,862	2,582,268
Securities expenses	180,689	281,060
Auditors Remuneration		
Audit fees	193,025	193,025
Taxation matters	39,708	49,635
Donation	150,001	232,500
Advertisement	39,298	36,434
Car expenses	936,752	641,801
Telephone expenses	260,172	361,744
Electricity charges	6,627	13,871
Society charges	38,276	38,276
Traveling and conveyance expenses	275,270	123,096
Repairs and Maintenance - Others	103,107	16,962
Storage charges for paintings	75,280	75,280
Business promotion	993,850	1,960,001
Loss on assets discarded	56,886	-
Provision for diminution in value of long term investment	827,014	406,735
Provision for Standard Assets	413,000	587,000
Miscellaneous expenses	2,302,458	660,536
	10,236,275	8,260,224
22 - Earnings Per Share		
	Year ended March 31, 2012	Year ended March 31, 2011
Profit for the year after tax for Equity Shareholders (Rs)	100,638,350	94,344,832
Number of Equity shares (Nos)		
-Number of Equity shares as on April 1	150,000	150,000
-Number of fully paid Equity shares as on March 31	150,000	150,000
Weighted average number of equity shares	150,000	150,000
Nominal value of Equity share (Rs)	10	10
Basic and Diluted Earnings per share (Rs)	670.92	628.97



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

23 The Subsidiary Company was hitherto determining the cost of investments on the first in first out basis to comply with the requirements of the Income-tax Act, 1961. The Subsidiary Company has with effect from April 1, 2011 changed the basis for determination of the cost of its investments on average cost basis as stipulated by the Accounting Standard AS-13 'Accounting for Investments'. The impact of the deviation is not material on the carrying amount of investments and reserves as at the balance sheet date.

24 In the opinion of the Board of Directors, the current assets are not less than the value stated if realized in the ordinary course of business. Provisions for all known liabilities are adequate and not in excess of the amount reasonably necessary. No personal expenses have been charged to revenue account.

25 Related Party Disclosures:

a. Key Management Personnel

Jyoti B Sheth

b. Relative of Key Management Personnel

Amita R Sheth

c. Enterprise owned or significantly influenced by key management personnel and their relatives

Linx Commodities Private Limited.

Great Landscape Private Limited

The particulars of transactions during the year with the above related parties were as follows:

Particulars	Year ended Mar 31, 2012 Rs.	Year ended Mar 31, 2011 Rs.
<u>Key Management Personnel</u>		
Sale of investment in Subsidiary Company	-	250,000
<u>Relative of Key Management Personnel</u>		
Sale of investment in Subsidiary Company	-	250,000
<u>Enterprise owned or significantly influenced by key management personnel and their relatives</u>		
Linx Commodities Private Limited	-	-
<u>Balances outstanding</u>		
Receivable	-	-
Payable	2,000,000	2,000,000



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

26 Segment Reporting:

a. The Company has identified two reportable business segments in its consolidated accounts namely trading activity and investment activity as primary segments. The segments results are shown below:

	Trading		Investment		Total	
	Year ended Mar 31, 2012 Rs.	Year ended Mar 31, 2011 Rs.	Year ended Mar 31, 2012 Rs.	Year ended Mar 31, 2011 Rs.	Year ended Mar 31, 2012 Rs.	Year ended Mar 31, 2011 Rs.
	Revenue:					
Total Revenue	9,324,118	8,268,034	122,592,187	112,719,803	131,916,306	120,987,837
Less : Inter Segment Revenue						
Unallocable income					131,916,306	120,987,837
					1,177,815	1,110,575
					133,094,121	122,098,412
Results:						
Profit/(Loss) before tax and interest	7,800,336	7,286,799	110,653,196	102,745,836	118,453,532	110,032,635
Less: Interest						
Add: Unallocable income					1,177,815	1,110,575
Profit before Tax					119,631,347	111,143,210
Provision for taxation :						
- current tax					22,500,000	17,000,000
- deferred tax					(11,275)	(15,749)
- (excess)/short provision for tax of earlier years					(3,495,728)	(185,874)
Profit after tax					100,638,350	94,344,833
Other Information :						
Segment assets	188,609,170	166,390,014	1,000,685,736	924,412,376	1,189,294,906	1,090,802,390
Unallocated assets					11,983,134	7,285,663
Total assets					1,201,278,041	1,098,088,053
Segment liabilities	286,890	71,695	3,413,014	3,059,615	3,699,904	3,131,310
Unallocated liabilities					5,600,180	3,617,136
Total liabilities					9,300,084	6,748,446
Capital Expenditure	-	-	112,000	34,000	112,000	34,000
Depreciation	-	-	356,589	474,866	356,589	474,866
Non cash expenses	-	-	1,296,900	993,735	1,296,900	993,735

b. The Company operates solely in one Geographic segment namely "Within India" and hence no separate information for the Geographic segment wise disclosure is required.

c. Segment revenue, result, assets and liabilities include amounts identifiable to each segment and amount allocated on the reasonable basis.



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KANUMANEK TRADING COMPANY LIMITED

Notes to financial statements for the year ended March 31, 2012

27 Details of derivative contracts open as at March 31, 2012:

	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Commodity Future Contracts		
Crude (No. of Contracts - Long)	5	-

28 The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.



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