



THE COCHIN MALABAR ESTATES
AND INDUSTRIES LIMITED



ANNUAL REPORT
2010-11

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hemant Bangur
Chairman

P. J. Bhide
Director

B. R. Bhansali
Director

K. C. Mohta
Director

B. L. Dhanuka
Director

BANKERS

HDFC Bank Ltd.

State Bank of Bikaner & Jaipur

State Bank of Travancore

AUDITORS

Singhi & Co.

Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.

6, Mangoe Lane, 2nd Floor

Kolkata - 700 001

GARDENS

Pullikanam Tea Estate, Kerala

Kolahalmedu Tea Estate, Kerala

Chemoni Rubber Estate, Kerala

Pudukad Rubber Estate, Kerala

Ichipara Rubber Estate, Kerala

Kinalur Rubber Estate, Kerala

REGISTERED OFFICE

21, Strand Road

Kolkata - 700 001

West Bengal

CONTENTS

| | |
|--------------------------|----|
| Directors' Report | 3 |
| Auditors' Report | 11 |
| Balance Sheet | 14 |
| Profit & Loss Account | 15 |
| Cash Flow Statement | 16 |
| Schedule to the Accounts | 18 |
| Section 212 Statement | 32 |
| Consolidated Accounts | 33 |

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 81st Annual Report and Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL PERFORMANCE

| | 31.03.2011 | 31.03.2010 |
|--|----------------|----------------|
| Profit for the year before Depreciation | 3,93,92,334 | 1,80,93,186 |
| Deduct : Depreciation | 54,47,160 | 49,32,855 |
| Profit Before Tax | 3,39,45,174 | 1,31,60,331 |
| Deduct : Provision for Corporate Taxation | - | - |
| Net Profit | 3,39,45,174 | 1,31,60,331 |
| Add : Balance of Profit /(Loss) brought forward from previous year | (32,98,82,955) | (34,30,43,286) |
| Balance Carried to Balance Sheet | (29,59,37,781) | (32,98,82,955) |

DIVIDEND

In view of accumulated losses, your Directors regret their inability to propose any dividend for the year ended 31st March, 2011.

OPERATIONAL REVIEW

The turnover of your Company for the year ended 31st March, 2011 has increased to ₹ 2,044.14 Lacs as against ₹ 1,857.63 Lacs for the same period last year, a higher of ₹ 186.51 Lacs as compared to the last year. The profit after tax has increased from ₹ 131.60 Lacs to ₹ 339.45 Lacs.

RUBBER ESTATES

Chemoni, Pudukad & Ichipara Estates

Your Company produced 9,30,190 Kgs. of Rubber during the year as against 10,21,055 Kgs. for the same period last year. The crop was lower by 90,865 Kgs. than the last year. The prime reasons attributed for the lower production are lower yield of old standing trees and massive re-plantation programme undertaken by the Company. The average price of Rubber realized during the year was ₹ 191/- per Kg. which was higher by ₹ 70/- per Kg. compared to the same period last year. Company continues to focus on quality to fetch premium in the market for its product.

Kinalur Estate

As already reported in the last Annual Report that the Company has cancelled the Memorandum of Understanding entered into with Mr. P. K. C. Ahmmad Kutty for sale of Kinalur Estate and also revoked the Power of Attorney granted in his favour. However, the issue still continues to be in litigation.

Sampaji Estate

The auction sale of this Estate by the Debts Recovery Officer,

has been challenged by the Company by filing the Writ Petition before the Hon'ble High Court, Chennai is still pending.

Rubber Wood Factory

This factory continues to be non-operational in view of the ban imposed by the Forest Department. The Company's representation for the withdrawal of the ban imposed, remain indisposed.

TEA ESTATE

Pullikanam Estate

Your Company produced 3,00,050 Kgs. of Made Tea during the year as against 4,15,850 Kgs. for the same period last year. The production was lower on account of unfavourable weather conditions. Moreover, the Company has adopted a massive replantation programme after re-opening of the abandoned Tea Estate in order to ultimately increase the yield per hectare. The crops from the replanted fields would augment the crop in the next couple of years. The average price of Made Tea realized during the year was ₹ 66/- per Kg. as against ₹ 74/- last year.

PROSPECTS

RUBBER

The domestic as well as global rubber prices have increased to new historical high supported by the healthy demand from the tyre industry and strong imports by China. Demand and supply mismatch, high crude oil prices, drop in production in the world's major rubber producing countries, climatic factors will keep rubber prices firm.

The Company has adopted an aggressive replanting policy to increase the yield per hectare. With the replanted area coming into operation in the coming years, it is expected that crop will substantially improve in the long term.

DIRECTORS' REPORT

TEA

Tea production in India during 2011 is expected to be normal based on the current weather conditions. Lower inventory in India, production shortfall in Kenya and other African countries, strong consumption growth should have positive impact on prices during 2011.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms :

- i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- ii) that the selected Accounting Policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profits of the Company for the year ended on that date;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual accounts have been prepared on a going concern basis; and
- v) that the Company has adequate internal systems and controls in place to ensure compliance of laws applicable to the Company.

HOLDING COMPANY

M/s. Joonktolee Tea & Industries Ltd. continues to remain the Holding Company of the Company by virtue of Section 4(1)(a) of the Companies Act, 1956 and in terms of an agreement with the Company.

SUBSIDIARY COMPANY

1. a) The Company as on 31st March, 2011 has one Subsidiary Company namely, Cochin Estates Ltd.
- b) In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the individual accounts of the Subsidiary Company are not being attached with the accounts of the Company. The Company will make available the Annual Accounts of the Subsidiary Company to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the Subsidiary Company will also be kept for inspection at the Registered Office of the Company.

- c) As required under the Listing Agreement with the Stock Exchanges the Audited Consolidated Financial Statements of the Company together with its Subsidiary Company prepared in accordance with the applicable Accounting Standards are attached.
- d) A statement containing brief financial details of the Subsidiary Company is attached which forms part of the Annual Report.

SOCIAL WELFARE

Your Company continues its welfare activities by participating in various projects sponsored by UPASI in the State of Kerala and also directly contributes to the area's social causes.

CONSOLIDATED FINANCIAL STATEMENTS

As prescribed by Accounting Standard 21 issued by the Institute of Chartered Accountants of India, the audited consolidated financial statements of the Company together with Auditors' Report for the year ended 31st March, 2011 are annexed.

FIXED DEPOSITS

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

SECRETARIAL COMPLIANCE CERTIFICATE

As required under the provisions of Section 383A of the Companies Act, 1956, Certificate from a Practicing Company Secretary forming part of this Report is attached herewith.

DIRECTORS

Shri K. C. Mohta and Shri P. J. Bhide retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS & AUDITORS' REPORT

M/s. Singhi & Co., Chartered Accountants, Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

With regard to the observations made by the Auditors in their report the relevant Notes to Accounts are self-explanatory.

PARTICULARS OF EMPLOYEES

The Company had no employee of the category specified under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended.

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

Details of energy conservation and research and development activities undertaken by the Company along with the information in accordance with the provisions of Section

DIRECTORS' REPORT

217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 'A' and form part of this Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and co-operation received from the Commercial Banks and other authorities. Your Directors also thank the employees of the Company for their valuable service and support during the year.

On behalf of the Board

Kolkata
03.08.2011

Hemant Bangur
Chairman

ANNEXURE TO THE DIRECTORS' REPORT**ANNEXURE - A**

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

(A) CONSERVATION OF ENERGY

- a) Energy conservation measures taken : Steps initiated to prevent power leakage based on Energy Audit.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. : Modern machineries are being installed.
- c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production. : Not quantifiable at present.
- d) Total energy consumption and energy consumption per unit of production : As per Form 'A' (For Tea only).

FORM 'A'

Form for Disclosure of Particulars with respect to Conservation of Energy

| (A) POWER & FUEL CONSUMPTION | 2010-11 | 2009-10 |
|--|------------------|----------------|
| 1 Electricity | | |
| a) Purchased | | |
| Units (KWH) | 2,16,032 | 3,14,002 |
| Total Amount (₹) | 13,31,319 | 17,49,082 |
| Rate/Unit (₹) | 6.16 | 5.57 |
| b) Own Generation | | |
| Through Diesel Generator - Unit | 31,132 | 38,136 |
| Unit per Litre of Diesel Oil | 3.02 | 3.01 |
| Cost/Unit (₹) | 14.34 | 12.10 |
| 2 Others : (Purchased) | | |
| Fire Wood (used in Drier Heaters) | | |
| Quantity (M ³) | 1,879.45 | 2,623.39 |
| Value (₹) | 13,59,253 | 17,31,055 |
| Average Cost (₹/ M ³) | 723.20 | 659.82 |
| (B) CONSUMPTION PER UNIT PRODUCTION | | |
| Product - Tea (Unit/Kg) | | |
| Electricity | 0.82 | 0.75 |
| Fire Wood | 0.006 | 0.006 |

ANNEXURE TO THE DIRECTORS' REPORT

FORM 'B'

Form of Disclosure of particulars with respect to Technology Absorption, Research & Development

RESEARCH AND DEVELOPMENT (R&D)

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | : Nil |
| 2. Benefits derived as a result of the above R&D | : N.A. |
| 3. Future Plan of Action | : Improvement in cultural and plant protection practices as recommended by Tea Board are being adopted in addition to our own efforts for achieving better productivity and quality. |
| 4. Expenditure on R&D : | : Nil |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | |
|---|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | : The Company is adopting the suggestion and recommendation of Tea Board in addition to its own efforts for improving productivity and quality. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development etc. | : Improvement in productivity and quality. |
| 3. In case of imported technology following information may be furnished : | |
| a) Technology imported | : Nil |
| b) Year of import | : N.A. |

FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | |
|---|-------|
| a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans. | : Nil |
| b) Total foreign exchange earned and used | |
| Earned | : Nil |
| Used | : Nil |

On behalf of the Board

Kolkata
03.08.2011

Hemant Bangur
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Compliance Certificate

Under Rule 3 of the Companies (Compliance Certificate) Rules, 2001

CIN NO. L01132WB1991PLC152586

Reg. No. : 21- 152586

Authorized Capital: ₹ 5,00,00,000/-

Paid-up Capital : ₹ 1,77,19,080/-

To
The Members of
The Cochin Malabar Estates and Industries Limited

I have examined the registers, records, books and papers of **The Cochin Malabar Estates And Industries Limited** as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2011. In my opinion and to the best of information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I 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 there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies or other authorities as prescribed under the Act and the rules made there under.
3. The Company being a Public Limited Company, has the minimum prescribed paid up capital. The Company is a subsidiary of Joonktollee Tea and Industries Limited by virtue of Section 4(1) (a) of the Companies Act, 1956.
4. The Board of Directors duly met four (4) times respectively on 23.04.2010, 05.08.2010, 11.11.2010 and 28.01.2011 in respect of which the proceedings were properly recorded and signed in the Minutes book maintained for the purpose.
5. The Company closed its Register of Members from 23rd September, 2010 to 29th September, 2010 (inclusive of both days) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2010 was held on 29.09.2010 and the resolution passed there at where duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans during the financial year to its Directors, or Persons or Companies as referred under Section 295 of the Companies Act, 1956.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Companies Act, 1956.
11. As there were no instances, during the financial year, falling within the purview of Section 314 of the Act, the Company has not obtained any approval from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate shares certificate during the financial year.
13. i) There was no allotment of securities during the financial year. However, the Company has delivered all the certificates on transfer of shares within the time prescribed under the Act.
ii) The Company has not deposited any amount in a separate bank account as no dividend was declared during the financial year.
iii) The Company was not required to post dividend warrants to any member as no dividend was declared during the financial year.

ANNEXURE TO THE DIRECTORS' REPORT

- iv) The Company was not required to transfer any amount to Investor Education and Protection Fund during the financial year.
- v) The Company has complied with the requirements of Section 217 of the Companies Act, 1956.
14. The Board of Directors of the Company is duly constituted. There was no appointment of Additional Directors, Alternate Directors and Directors to fill casual vacancy during the financial year.
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 agent during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as prescribed under various provisions of the Act.
18. The Directors have disclosed their interest in other Firms/Companies to the Board of Directors pursuant to the provisions of the Companies Act, 1956 and the rules made there under.
19. The Company has not issued any shares/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 transactions necessitating the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loan falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from banks and others during the financial year are within the borrowing limits of the Company and necessary resolution as per Section 293(1)(d) have been passed in the general meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has 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 and complied with the provisions of the Act.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of Company during the year scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the share capital of the Company during the year scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. I was given to understand by the management that there was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment 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 constituted a separate Provident Fund trust for its employees or class of its employees as contemplated under Section 418 of the Act.

Sweety Kapoor

Place : Kolkata
Date : 03.08.2011

Practising Company Secretary
C.P. No. : 5738

ANNEXURE TO THE DIRECTORS' REPORT

Annexure - "A"

Registered as maintained by the Company

1. Register of Member under Section 150 and Index of Members under Section 151
2. Register of Charges under Section 143
3. Register of Returns under Section 163
4. Minutes Book of Board Meeting under Section 193
5. Minutes Book of General Meeting under Section 193
6. Register of Investments
7. Register of Share Transfers
8. Register of particulars of Contracts in which Directors are interested under Section 301(1) and under Section 301(3)
9. Register of Directors under Section 303
10. Register of Directors' shareholding under Section 307
11. Register of Loans and Investment under Section 372A

Annexure -"B"

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other Authorities during the financial year ended on 31st March, 2011.

| Sl. No. | Form No. | Filed u/s | For | Date of filing | If delay in filing whether requisite additional fee paid Yes / No |
|---------|------------|-----------|--|----------------|---|
| 1. | 18 | 146 | Shifting of registered office from Kochi to Kolkata | 17.04.2010 | N.A. |
| 2. | 21 | 17(1) | Notice to Company Law Board | 21.05.2010 | N.A. |
| 3. | 66 | 383A | Compliance Certificate as on 31.03.2010 | 26.10.2010 | N.A. |
| 4. | 23AC/23ACA | 220 | Balance Sheet/Profit & Loss Account as on 31.03.2010 | 26.10.2010 | N.A. |
| 5. | 20B | 159 | Annual Return as on 29.09.2010 | 14.11.2010 | N.A. |
| 6. | 61 | 285 | Filing an application with Registrar of Companies | 02.03.2011 | N.A. |

AUDITORS' REPORT

To
The Members of
The Cochin Malabar Estates and Industries Limited

We have audited the attached Balance Sheet of **The Cochin Malabar Estates and Industries Limited** as at 31st March, 2011 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test 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.

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government 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 paragraph 4 & 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that :
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit except to the extent indicated in paragraph (f) below.
 - b) In our opinion, proper books of Accounts as required by law have been kept by the Company so far as appears from our examination of such books except to the extent indicated in paragraph (f) below.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors as on 31st March, 2011 and taken

on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.

- f) *Reference is invited to the following observations, impact of which on the Company's Profit is stated in the respective notes below :*
 - i) *We are unable to express an opinion about the profitability of Kinalur Estate, the physical condition of the assets of the Estate and adjustment arising out of cancellation of contract as detailed in Note No. 4 of Schedule 13.*
 - ii) *Note No. B-6 of Schedule 13 regarding non provision of Depreciation in respect of Rubber Wood Division and Kinalur Estate of Rubber Division amounting to ₹ 13.19 Lacs (cumulative depreciation unprovided upto 31st March, 2011 ₹ 65.73 Lacs).*

Subject to our comments in para 2 (f) above and read together with the other Notes thereon, the said Accounts, in our opinion, and to the best of our information and according to the explanations given to us, 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2011.
- ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date, and
- iii) In the case of the Cash Flow Statement of the Cash Flows of the Company for the year ended on that date.

For **SINGHI & CO.**
Chartered Accountants
FR No. 302049E
Sudesh Choraria
Partner

Place : Chennai
Dated : 03.08.2011

Membership No. 204936

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in our Report of even date on the Accounts of THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED as at and for the year ended 31st March, 2011)

1. i) The Company has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets.
- ii) Some of the Fixed Assets of the Company were physically verified during the year by the management in accordance with the programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals *except in the case of Kinalur Estate Division*. According to the information and explanations given to us no material discrepancies were noticed on physical verification carried on by the management.
- iii) The Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the Company is not affected.
2. i) The inventories have been physically verified during the year by the management at all its locations other than the Rubber Wood Division and Kinalur Estate of Rubber Division which were non-operational. In our opinion, the frequency of verification is reasonable.
- ii) The procedures of physical verification of inventories, followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- iii) The Company is maintaining proper records of inventory. As far as we can ascertain and according to the information and the explanations given to us, the discrepancies noticed between the physical stocks and book stocks were not material and the same have been properly dealt with in the books of account.
3. a) As per the information & explanations provided to us, the Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- b) The Company has taken loans, secured and unsecured, from the Companies listed in the register maintained under Section 301 of the Companies Act, 1956 as per details given below. However the terms and conditions are not prejudicial to the interest of the Company.

| Particulars | No. of Parties | Aggregate of Balance outstanding as on 31st March, 2011 (₹ in Lacs) | Aggregate of Maximum Balance during the year (₹ in Lacs) | Rate of Interest | Security Details |
|--|----------------|---|--|------------------|--|
| Secured Loan from Joonktolee Tea and Industries Ltd. | 1 | 524.27 | 524.27 | Nil | Secured against first charge on Kinalur, Chemoni and Pudukad Estates, Rubber Wood Factory and Properties at Goa. |
| Unsecured Loans taken | 5 | 1,480.00 | 1,640.00 | 13% | |

- c) The payment of the principal amount and interest are regular.
4. On the basis of checks carried out during the course of audit and as per explanations given to us, in our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of Inventory and Fixed Assets and for the sale of goods and services. During the course of our Audit, no major weakness has been noticed in the internal controls in these respects.
5. a) As per the information and explanations given to us, transactions that have been undertaken during the year in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956, have been so entered.
- b) In our opinion and according to the information and explanations given to us, and as confirmed by the Company, all the transactions with such parties during the financial year have been entered into at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public during the year, to which the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.

ANNEXURE TO THE AUDITORS' REPORT

7. The Company has an Internal Audit System commensurate with the size and nature of its business.
8. On the basis of records produced, we are of the opinion that, prima facie, the Cost records and books of accounts prescribed by the Government of India under Sec 209 (1) (d) of the Act have been maintained. We have broadly reviewed the records, books of accounts and have not carried out any detailed examination of such records and accounts.
9. a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us and the books and records examined by us, there was no undisputed amount outstanding as on 31st March, 2011 in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues for a period of more than six months from the date they became payable.
- c) According to the records of the Company and as per the information and explanations provided to us, the dues (net of advances) outstanding in respect of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Service Tax, Excise Duty, Cess etc., on account of any dispute, are given below :

| Name of the Statute | Nature of Dues | Amount (₹) | Period to which the amount relates | Forum where dispute pending |
|-------------------------|--------------------------|------------|------------------------------------|-------------------------------|
| Central Sales Tax, 1956 | CST Levy on Rubber Cess | 2,13,331 | 1988-89 to 1992-93 | Supreme Court of India |
| Customs Act | Interest on Customs Duty | 30,29,925 | 1992 to 2006 | High Court of Madras, Chennai |

10. In our opinion, the accumulated losses of the Company are more than fifty percent of its net worth and it has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. As per the information and explanations given to us by the management, the Company has not taken any loans from financial institutions and banks. Hence, the requirements of Para 4 (xi) of the above Order are not applicable to the Company.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund, nidhi or mutual benefit fund/societies are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments, and hence, the requirements of Para 4 (xiv) of the above Order are not applicable to 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.
16. No term loans were raised by the Company during the year.
17. According to the information and explanations given to us, in our opinion, short term funds have not been used for long term purposes or vice versa.
18. During the year, the Company has not made any preferential allotment of shares.
19. The Company has not issued debentures during the year.
20. The Company has not raised any money by way of public issue during the year.
21. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **SINGHI & CO.**
Chartered Accountants
FR No. 302049E
Sudesh Choria
Partner

Place : Chennai
Dated : 03.08.2011

Membership No. 204936

BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in ₹)

| | Schedule | As at 31st March, 2011 | | As at 31st March, 2010 | |
|---|----------|---------------------------|--------------|---------------------------|--------------|
| I. SOURCES OF FUNDS | | | | | |
| (1) Shareholders' Funds | | | | | |
| (a) Share Capital | 1 | 1,77,19,080 | | 1,77,19,080 | |
| (b) Reserves and Surplus | 2 | 51,97,05,700 | 53,74,24,780 | 52,01,49,584 | 53,78,68,664 |
| (2) Loan Funds | | | | | |
| (a) Secured Loans | 3 | 5,28,47,352 | | 5,34,70,950 | |
| (b) Unsecured Loans | | 16,55,00,000 | 21,83,47,352 | 10,65,00,000 | 15,99,70,950 |
| | | 75,57,72,132 | | 69,78,39,614 | |
| II. APPLICATIONS OF FUNDS | | | | | |
| (1) Fixed Assets | | | | | |
| (a) Gross Block | 4 | 64,43,66,783 | | 62,29,57,965 | |
| (b) Less : Depreciation | | 9,52,85,717 | | 8,93,94,673 | |
| (c) Net Block | | 54,90,81,066 | | 53,35,63,292 | |
| (d) Capital Work-in-Progress | | 18,00,477 | 55,08,81,543 | 37,49,624 | 53,73,12,916 |
| (2) Investments | | | | | |
| | 5 | 7,49,641 | | 2,49,641 | |
| (3) Current Assets, Loans & Advances | | | | | |
| (a) Inventories | | 3,22,14,388 | | 2,73,26,453 | |
| (b) Sundry Debtors | | 94,12,588 | | 50,58,874 | |
| (c) Cash and Bank Balances | | 59,50,674 | | 76,26,553 | |
| (d) Other Current Assets | | 91,413 | | 7,234 | |
| (e) Loans & Advances | | 7,73,02,207 | | 1,40,15,168 | |
| | | 12,49,71,270 | | 5,40,34,282 | |
| Less : Current Liabilities and Provisions | | | | | |
| (a) Liabilities | 7 | 17,49,20,127 | | 18,10,11,121 | |
| (b) Provisions | | 4,18,47,976 | | 4,26,29,059 | |
| | | 21,67,68,103 | | 22,36,40,180 | |
| Net Current Assets | | (9,17,96,833) | | (16,96,05,898) | |
| (4) Debit Balance in Profit & Loss Account | | | | | |
| | | 29,59,37,781 | | 32,98,82,955 | |
| | | 75,57,72,132 | | 69,78,39,614 | |

Significant Accounting Policies and Notes on Accounts 13

Schedules 1 to 7 and 13 form an integral part of the Balance Sheet

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

FR No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Chennai

Dated : 03.08.2011

Hemant Bangur Chairman**P. J. Bhide** Director**B. R. Bhansali** Director**K. C. Mohta** Director**B. L. Dhanuka** Director

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

(Amount in ₹)

| | Schedule | For the year ended 31st March, 2011 | | For the year ended 31st March, 2010 | |
|---|----------|--|--------------|--|--------------|
| INCOME | | | | | |
| Sales | 8 | 20,44,14,373 | | 18,57,62,933 | |
| Increase/(Decrease) in Stock | 8 | 61,21,802 | | (13,56,942) | |
| Miscellaneous Income | 9 | 25,64,302 | 21,31,00,477 | 3,00,05,077 | 21,44,11,068 |
| EXPENSES | | | | | |
| Expenditures | 10 | 15,25,10,458 | | 16,38,54,795 | |
| Miscellaneous Overheads | 11 | 46,45,653 | | 1,84,64,468 | |
| Interest Paid | 12 | 1,65,52,032 | | 1,39,98,619 | |
| Depreciation | 4 | 58,91,044 | | 54,10,058 | |
| Less : Transferred from Revaluation Reserve | | 4,43,884 | | 4,77,203 | |
| | | 54,47,160 | 17,91,55,303 | 49,32,855 | 20,12,50,737 |
| Profit for the year before Tax | | 3,39,45,174 | | 1,31,60,331 | |
| Provision for Tax | | - | | - | |
| Profit after Tax | | 3,39,45,174 | | 1,31,60,331 | |
| Add : Deficit brought forward from previous year | | (32,98,82,955) | | (34,30,43,286) | |
| Loss carried forward to Balance Sheet | | (29,59,37,781) | | (32,98,82,955) | |
| Basic and Diluted Earnings Per Share (₹) (Face value of ₹ 10/- each) | | 19.16 | | 7.43 | |

Significant Accounting Policies & Notes on Accounts 13

Schedules 8 to 13 form an integral part of the Profit & Loss Account

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

FR No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Chennai

Dated : 03.08.2011

Hemant Bangur Chairman**P. J. Bhide** Director**B. R. Bhansali** Director**K. C. Mohta** Director**B. L. Dhanuka** Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Amount in ₹)

| | 31.03.2011 | 31.03.2010 |
|---|----------------------|----------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit before Tax and extra ordinary items | 3,39,45,174 | 1,31,60,331 |
| Adjustments for : | | |
| Depreciation | 54,47,160 | 49,32,855 |
| Interest Paid | 1,65,52,032 | 1,39,98,619 |
| Interest Received | (1,22,082) | (65,501) |
| Loss/(Profit) on Sale of Fixed Assets | – | (36,470) |
| Loss on Fixed Assets Discarded | 5,81,020 | 1,13,78,652 |
| Loss/(Profit) on Sale of Investments | – | 1,800 |
| Bad Debts/Advances written off | 10,861 | 9,74,766 |
| Income from Investments | (26,839) | (15,872) |
| Operating profit before working capital changes | 5,63,87,326 | 4,43,29,180 |
| Adjustments for : | | |
| Trade and other Receivables | (6,76,51,614) | (2,27,629) |
| Inventories | (48,87,935) | (25,51,063) |
| Trade and other Payables | (68,72,077) | (75,05,264) |
| Cash generated from operations | (2,30,24,300) | 3,40,45,224 |
| Less : Direct Taxes | – | – |
| NET CASH FROM OPERATING ACTIVITIES | (2,30,24,300) | 3,40,45,224 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale of Fixed Assets | – | 2,07,841 |
| Sale/(Purchase) of Investments | (5,00,000) | – |
| Capital Work-in-Progress | 19,49,147 | 31,44,359 |
| Dividend Received | 26,839 | 15,872 |
| Interest Received | 37,903 | 69,735 |
| Purchase of Fixed Assets | (2,19,89,838) | (2,43,95,589) |
| NET CASH FLOW FROM INVESTING ACTIVITIES | (2,04,75,949) | (2,09,57,782) |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(Amount in ₹)

| | 31.03.2011 | 31.03.2010 |
|--|--------------------|----------------------|
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Long term borrowings | (6,23,598) | 68,026 |
| Short term borrowings | 5,90,00,000 | 35,69,515 |
| Interest Paid | (1,65,52,032) | (1,39,98,619) |
| Dividend Paid | – | – |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 4,18,24,370 | (1,03,61,078) |
| EQUIVALENTS (A+B+C) | (16,75,879) | 27,26,364 |
| CASH AND CASH EQUIVALENTS AS ON 31-03-2011 | 59,50,674 | 76,26,553 |
| LESS : CASH AND CASH EQUIVALENTS AS ON 31-03-2010 | 76,26,553 | 49,00,189 |
| | (16,75,879) | 27,26,364 |

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

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

FR No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Chennai

Dated : 03.08.2011

Hemant Bangur *Chairman*

P. J. Bhide *Director*

B. R. Bhansali *Director*

K. C. Mohta *Director*

B. L. Dhanuka *Director*

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE 1 SHARE CAPITAL | As at 31st March, 2011 | As at 31st March, 2010 |
|--|-------------------------------|-------------------------------|
| Authorised : | | |
| 5,000 - 12% Cumulative Preference Shares of ₹ 100/- each | 5,00,000 | 5,00,000 |
| 49,50,000 - Equity Shares of ₹ 10/- each | 4,95,00,000 | 4,95,00,000 |
| | 5,00,00,000 | 5,00,00,000 |
| Issued, Subscribed and paid up : | | |
| 17,71,908 - Equity Shares of ₹ 10/- each fully paid up | 1,77,19,080 | 1,77,19,080 |
| | 1,77,19,080 | 1,77,19,080 |

Of the above

- (i) 71,451 Equity Shares were allotted as fully paid up pursuant to a contract for consideration other than cash except in respect of 64,745 shares for which ₹ 2.08 per share was received in cash.
- (ii) 6,45,907 Equity Shares were allotted as fully paid up by way of Bonus Shares through the capitalisation of Reserves.
- (iii) 1,14,285 Equity Shares were allotted as fully paid up pursuant to a Scheme of Amalgamation.

| SCHEDULE 2 RESERVES AND SURPLUS | | |
|---|-----------------------|----------------|
| Fixed Assets Revaluation Reserve : | | |
| As per last Balance Sheet | 41,65,04,656 | 41,69,81,859 |
| Less : Transfer to Profit & Loss Account | 4,43,884 | 4,77,203 |
| Adjustment on disposal of assets | - 41,60,60,772 | - 41,65,04,656 |
| Capital Reserve : | | |
| As per last Balance Sheet | 10,35,31,628 | 10,35,31,628 |
| Capital Redemption Reserve : | | |
| As per last Balance Sheet | 1,13,300 | 1,13,300 |
| | 51,97,05,700 | 52,01,49,584 |

| SCHEDULE 3 LOANS | | |
|---------------------------|---------------------|--------------|
| SECURED : | | |
| Loan from Holding Company | 5,24,27,000 | 5,24,27,000 |
| Vehicle Loans from Bank | 4,20,352 | 10,43,950 |
| | 5,28,47,352 | 5,34,70,950 |
| UNSECURED : | | |
| Loan from others | 16,55,00,000 | 10,65,00,000 |
| | 21,83,47,352 | 15,99,70,950 |

Notes :

1. Loan from Holding Company is secured by equitable mortgage of Kinalur, Chemoni, Pudukad and Pullikanam Estates, Rubber Wood Factory and landed properties at Goa.
2. Vehicle Loans from bank is secured by hypothecation of specific vehicles purchased.

SCHEDULES FORMING PART OF THE ACCOUNTS

| Description of Assets | (Amount in ₹) | | | | | | | | | | | | |
|-----------------------|-------------------------|---------------------------|-------------------------------------|-----------------------------------|-----------------------|--------------|----------------------------|------------------------|------------------------|------------------------|---------------------|--------------|--------------|
| | SCHEDULE 4 FIXED ASSETS | | | | Cost/Valuation | | | Depreciation | | | Net Value of Assets | | |
| | As on 1st April, 2010 | Additions during the year | Deductions/Transfer during the year | Total Value upto 31st March, 2011 | As on 1st April, 2010 | For the year | Deductions during the year | As on 31st March, 2011 | As on 31st March, 2011 | As on 31st March, 2010 | | | |
| LAND | | | | (a) | | | | | | | | | |
| - Freehold | 21,61,31,893 | - | - | 21,61,31,893 | - | - | - | - | - | 21,61,31,893 | 21,61,31,893 | 21,61,31,893 | 21,61,31,893 |
| - Leasehold | 21,78,25,113 | - | - | 21,78,25,113 | - | - | - | - | - | 21,78,25,113 | 21,78,25,113 | 21,78,25,113 | 21,78,25,113 |
| DEVELOPMENT | 1,79,32,548 | 1,66,59,300 | 5,81,020 | 3,40,10,828 | - | - | - | - | - | 3,40,10,828 | 3,40,10,828 | 1,79,32,548 | 1,79,32,548 |
| BUILDINGS | 9,86,88,490 | 6,23,689 | - | 9,93,12,179 | 4,78,98,994 | 15,12,832 | - | 4,94,11,826 | 4,99,00,353 | 4,99,00,353 | 5,07,89,496 | 5,07,89,496 | 5,07,89,496 |
| ROADS & BRIDGES | 43,30,090 | 3,87,692 | - | 47,17,782 | 20,25,973 | 68,363 | - | 20,94,336 | 26,23,446 | 26,23,446 | 23,04,117 | 23,04,117 | 23,04,117 |
| MACHINERY | 5,50,33,394 | 24,90,735 | - | 5,75,24,129 | 3,05,91,570 | 30,95,968 | - | 3,36,87,538 | 2,38,36,591 | 2,38,36,591 | 2,44,41,824 | 2,44,41,824 | 2,44,41,824 |
| FURNITURE | 40,26,304 | 27,033 | - | 40,53,337 | 31,92,647 | 1,23,453 | - | 33,16,100 | 7,37,237 | 7,37,237 | 8,33,657 | 8,33,657 | 8,33,657 |
| VEHICLES | 89,90,133 | 4,000 | - | 89,94,133 | 56,85,489 | 9,12,166 | - | 65,97,655 | 23,96,478 | 23,96,478 | 33,04,644 | 33,04,644 | 33,04,644 |
| INTANGIBLE ASSETS | - | 17,97,389 | - | 17,97,389 | - | 1,78,262 | - | 1,78,262 | 16,19,127 | 16,19,127 | - | - | - |
| TOTAL | 62,29,57,965 | 2,19,89,838 | 5,81,020 | 64,43,66,783 | 8,93,94,673 | 58,91,044 | - | 9,52,85,717 | 54,90,81,066 | 54,90,81,066 | 53,35,63,292 | 53,35,63,292 | 53,35,63,292 |
| Previous Year | 62,00,61,816 | 2,43,95,589 | 2,14,99,440 | 62,29,57,965 | 9,39,34,032 | 54,10,058 | 99,49,417 | 8,93,94,673 | 53,35,63,292 | 53,35,63,292 | | | |

(a) Includes ₹ 48,38,66,013/- on revaluation in 1993 (2010/2011 - ₹ 41,60,60,772/-)

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 5 INVESTMENTS

| Particulars | Face Value | As at 1st April, 2010 | | Additions during the year | | | Deductions during the year | | As at 31st March, 2011 | |
|--|------------|-----------------------|----------|---------------------------|----------|-----|----------------------------|-----|------------------------|----------|
| | ₹ | No. | ₹ | No. | ₹ | No. | ₹ | No. | ₹ | |
| LONG TERM NON - TRADE | | | | | | | | | | |
| Quoted : | | | | | | | | | | |
| In fully paid Equity Shares in | | | | | | | | | | |
| The Periakaramalai Tea & Produce Co. Ltd. | 10 | 3,345 | 1,36,057 | - | - | - | - | - | 3,345 | 1,36,057 |
| Aspinwall & Company Ltd. | 10 | 270 | 275 | - | - | - | - | - | 270 | 275 |
| The Kailas Rubber Company Ltd. | 10 | 20 | 311 | - | - | - | - | - | 20 | 311 |
| The Rajagiri Rubber & Produce Co. Ltd. | 10 | 100 | 1,410 | - | - | - | - | - | 100 | 1,410 |
| The Malankara Rubber & Produce Co. Ltd. | 10 | 80 | 1,013 | - | - | - | - | - | 80 | 1,013 |
| Joonktolee Tea and Industries Ltd. | 10 | 720 | 38,593 | - | - | - | - | - | 720 | 38,593 |
| The Thirumbadi Rubber Co. Ltd. | 10 | 327 | 13,463 | - | - | - | - | - | 327 | 13,463 |
| Graphite India Ltd. | 2 | 665 | 3,087 | - | - | - | - | - | 665 | 3,087 |
| Shree Synthetics Ltd. | 10 | 100 | 2,432 | - | - | - | - | - | 100 | 2,432 |
| Kings International Aqua Marine Exports Ltd. | 10 | 500 | 5,000 | - | - | - | - | - | 500 | 5,000 |
| LKP Merchant Finance Ltd. | 10 | 1,200 | 48,000 | - | - | - | - | - | 1,200 | 48,000 |
| Unquoted : | | | | | | | | | | |
| Cochin Estates Limited | 10 | - | - | 50,000 | 5,00,000 | - | - | - | 50,000 | 5,00,000 |
| | | | 2,49,641 | | 5,00,000 | | | | | 7,49,641 |

| | 2009/2010 | | 2010/2011 | |
|--------------------|-----------------|-------------------|-----------------|-------------------|
| | Book Value ₹ | Market Value ₹ | Book Value ₹ | Market Value ₹ |
| Quoted Investments | 2,49,641 | # | 2,49,641 | # |

Latest market value for quoted shares is not available.

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE | 6 | CURRENT ASSETS | As at 31st March, 2011 | | As at 31st March, 2010 | |
|---|----------|-----------------------|-------------------------------|---------------------|-------------------------------|--------------------|
| INVENTORIES : | | | | | | |
| Stores and spare parts | | | 70,41,696 | | | 84,98,101 |
| Nursery Stock | | | 9,63,293 | | | 7,83,057 |
| Loose Tools, Medical and Laboratory Equipment | | | 4,77,501 | | | 4,35,199 |
| Rubber | | | 1,91,59,846 | | | 1,13,04,079 |
| Tea | | | 41,26,856 | | | 62,64,525 |
| Coffee | | | 4,03,704 | | | – |
| Assets held for disposal | | | 41,492 | 3,22,14,388 | 41,492 | 2,73,26,453 |
| SUNDRY DEBTORS : | | | | | | |
| Unsecured : | | | | | | |
| Debts Outstanding for a period exceeding six months - | | | | | | |
| Considered Good | | | 1,52,872 | | | 1,62,872 |
| Other Debts | | | 92,59,716 | 94,12,588 | 48,96,002 | 50,58,874 |
| CASH AND BANK BALANCES : | | | | | | |
| Cash in Hand | | | 2,44,949 | | | 3,02,300 |
| Balance with Scheduled Banks : | | | | | | |
| On Current Accounts | | | 31,75,725 | | | 72,94,253 |
| On Deposit Accounts | | | 25,30,000 | 59,50,674 | 30,000 | 76,26,553 |
| OTHER CURRENT ASSETS : | | | | | | |
| Interest accrued on deposits | | | | 91,413 | | 7,234 |
| LOANS AND ADVANCES : | | | | | | |
| Unsecured : | | | | | | |
| Advances recoverable in cash or in kind or for value to be received - | | | | | | |
| Considered good | | | 1,61,06,602 | | | 1,29,62,003 |
| Advance against purchase of land | | | 6,00,00,000 | | | – |
| Other Deposits | | | 11,95,605 | 7,73,02,207 | 10,53,165 | 1,40,15,168 |
| | | | | 12,49,71,270 | | 5,40,34,282 |

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE | 7 | CURRENT LIABILITIES AND PROVISIONS | As at 31st March, 2011 | | As at 31st March, 2010 |
|---------------------------|----------|---|-------------------------------|--------------------|-------------------------------|
| LIABILITIES : | | | | | |
| Sundry Creditors : | | | | | |
| | | Due to Creditors other than Small Scale Industrial Undertakings | 54,69,175 | | 1,07,26,359 |
| | | Other Liabilities (Refer Note No. 4 of Schedule 13) | 16,94,50,952 | | 17,02,74,762 |
| | | Due to Directors | – | | 10,000 |
| | | | 17,49,20,127 | | 18,10,11,121 |
| PROVISIONS : | | | | | |
| | | For Gratuity | 3,30,21,191 | | 3,40,17,927 |
| | | Less : Amount Paid | 57,32,191 | 2,72,89,000 | 72,95,063 |
| | | For Taxation | 2,92,17,283 | | 2,92,17,283 |
| | | Less : Payments in advance | 2,34,87,355 | 57,29,928 | 2,34,81,378 |
| | | Other Provisions | 88,29,048 | | 1,01,70,290 |
| | | | 4,18,47,976 | | 4,26,29,059 |
| | | | 21,67,68,103 | | 22,36,40,180 |

| SCHEDULE | 8 | INCOME | Year ended 31st March, 2011 | | Year ended 31st March, 2010 |
|---------------------------------------|----------|------------------------|------------------------------------|--------------------|------------------------------------|
| SALES : | | | | | |
| | | Rubber (Processed) | 17,14,53,692 | | 14,59,19,514 |
| | | Rubber (Trading) | 12,39,570 | | 39,10,305 |
| | | Tea | 2,14,94,073 | | 2,76,04,635 |
| | | Trees | 1,00,48,492 | | 80,54,354 |
| | | Minor Produce | 1,78,546 | | 2,74,125 |
| | | | 20,44,14,373 | | 18,57,62,933 |
| INCREASE/(DECREASE) IN STOCK : | | | | | |
| | | Opening Stock - Rubber | 1,13,04,079 | | 1,58,70,408 |
| | | - Tea | 62,64,525 | | 29,70,382 |
| | | - Treated Rubber Wood | – | 1,75,68,604 | 84,756 |
| | | | | | 1,89,25,546 |
| | | Closing Stock - Rubber | 1,91,59,846 | | 1,13,04,079 |
| | | - Tea | 41,26,856 | | 62,64,525 |
| | | - Coffee | 4,03,704 | 2,36,90,406 | – |
| | | | 61,21,802 | | (13,56,942) |

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE | 9 | MISCELLANEOUS INCOME | Year ended 31st March, 2011 | | Year ended 31st March, 2010 |
|---|----------|-----------------------------|------------------------------------|-----------------|------------------------------------|
| Dividend Received | | | 26,839 | | 15,872 |
| Interest Received - Gross | | | | | |
| from Bank | | | 84,179 | | 27,715 |
| from Others | | | 37,903 | 1,22,082 | 37,786 |
| (TDS ₹ 5,977/-; 2009-10 ₹ 7,784/-) | | | | | 65,501 |
| Profit/(Loss) on Sale of Assets | | | | | 36,470 |
| Miscellaneous Receipts | | | 18,21,726 | | 7,05,562 |
| Credit Balances/Liabilities no longer required written back | | | 5,93,655 | | 2,91,81,672 |
| | | | 25,64,302 | | 3,00,05,077 |

| SCHEDULE | 10 | EXPENDITURES | | | |
|---|-----------|---------------------|---------------------|------------------|--------------|
| Raw Material Purchased | | | 1,59,34,027 | | 1,91,59,021 |
| Rubber Purchased | | | 11,70,060 | | 36,99,941 |
| Salaries, Wages and Bonus | | | 7,80,68,751 | | 7,97,51,537 |
| Contribution to Provident and other Funds | | | 60,47,047 | | 56,84,561 |
| Gratuity | | | 48,21,986 | | 76,30,303 |
| Workmen and Staff Welfare Expenses | | | 60,51,351 | | 52,28,028 |
| Consumption of Stores and spare parts | | | 1,96,43,058 | | 2,09,79,594 |
| Power and Fuel | | | 54,90,782 | | 59,03,848 |
| Rent including Lease Rentals | | | 4,12,705 | | 2,94,602 |
| Repairs : | | | | | |
| - Buildings | | | 58,90,526 | | 45,78,388 |
| - Machinery | | | 18,38,486 | 77,29,012 | 17,02,614 |
| Vehicle Maintenance | | | 20,68,717 | | 19,90,831 |
| Insurance | | | 4,92,056 | | 3,59,205 |
| Rates and Taxes | | | 8,68,112 | | 10,00,368 |
| Freight and Forwarding Charges | | | 9,31,068 | | 8,19,263 |
| Miscellaneous Expenses | | | 19,59,048 | | 13,04,528 |
| Prior Period Expenses | | | 8,22,678 | | 37,68,163 |
| | | | 15,25,10,458 | | 16,38,54,795 |

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE | 11 | MISCELLANEOUS OVERHEADS | Year ended 31st March, 2011 | | Year ended 31st March, 2010 |
|-----------------|-----------|---|------------------------------------|------------------|------------------------------------|
| | | Selling Commission | | 1,89,084 | 1,68,076 |
| | | Payments to Auditors : | | | |
| | | Audit Fee | | 1,35,000 | 1,00,000 |
| | | Taxation/Tax Audit | | 35,000 | 35,000 |
| | | Other Services | | 80,000 | 35,000 |
| | | Expenses | | 21,527 | 2,81,135 |
| | | Printing & Stationery, Subscription, Postage & Other Charges | | 12,17,996 | 10,74,500 |
| | | Legal & Professional Charges | | 15,72,285 | 36,70,168 |
| | | Travelling Expenses (includes Directors' Travelling Expenses) | | 6,90,880 | 8,04,495 |
| | | Directors' Sitting Fees | | 32,000 | 46,000 |
| | | Donations | | 80,000 | 36,051 |
| | | Consultancy and Agency Fees | | – | 30,625 |
| | | Bad Debts/Advances written off | | 10,861 | 9,74,766 |
| | | Loss on Fixed Assets Discarded | | 5,81,020 | 1,13,78,652 |
| | | | | 46,45,653 | 1,84,64,468 |

| SCHEDULE | 12 | INTEREST PAID | | | |
|-----------------|-----------|-------------------------|--|--------------------|-------------|
| | | On Loans/Other Accounts | | 1,65,52,032 | 1,39,98,619 |
| | | | | 1,65,52,032 | 1,39,98,619 |

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts are prepared on historical cost convention (with the exception of certain land and plant and machinery which were revalued) based on Accrual Method of Accounting and applicable Accounting Standards and on Going Concern Basis in accordance with accounting standards and the relevant provisions of the Companies Act, 1956.

2. USE OF ESTIMATES

The preparation of financial statements are in conformity with generally accepted accounting principles which requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized.

3. FIXED ASSETS

- i) Fixed Assets are stated at cost inclusive of interest on borrowings attributable to acquisition of Fixed Assets and increased by revaluation of assets at their fair market values as on 31/03/1993 as determined by approved valuers, less depreciation except in respect of Rubber Wood Division and Kinalur Estate of Rubber Division for which no depreciation is provided during the year.
- ii) Subsidies received in respect of fixed assets are deducted from the cost of respective assets.
- iii) Items of machinery spares to be used in connection with an item of fixed assets are amortized over the useful life of the assets.
- iv) Fixed Assets taken on lease (other than land taken on perpetual lease) are not capitalized and the annual lease rentals are absorbed in the Profit & Loss Account. The excess of lease rentals paid over the amount accrued in respect thereof is treated as prepaid lease rental.

4. INVESTMENTS

Long term and unquoted Investments are stated at cost unless there is a permanent decline in value

thereof, in which case, adequate provision is made in the accounts. Cost includes brokerage, stamp duty and other financial charges directly attributable to their acquisition.

5. INVENTORIES

- i) Stock of Finished Rubber, Tea and Other Minor Produce are valued at the lower of cost (determined on weighted average method) and net realizable value.
- ii) Stock of Stores and spare parts are valued at cost using the weighted average cost basis.
- iii) Loose tools etc. are amortized over a period of 3 years.

6. RETIREMENT BENEFITS

Retirement benefits to employees are ascertained and provided in the accounts as per AS-15 "Employees Benefits".

i) Gratuity :

Company has taken group gratuity policy for future payment of gratuity with the Life Insurance Corporation of India (LIC). Incremental liability for gratuity has been provided in the accounts based on actuarial valuation. The arrears of premium are being paid in monthly installments.

ii) Superannuation Fund :

This is a defined contribution plan. The Company contributes under the defined contribution plan, managed by Life Insurance Corporation of India. The Company has no further obligations for future superannuation benefits other than its annual contributions and recognized such contribution as expenses in the year in which the same was incurred.

iii) Provident Fund :

This is a defined contribution plan and contributions made to the fund are charged to revenue. The Company has no further obligations for future provident fund benefits other than annual contribution.

7. REVENUE RECOGNITION

Sales comprise of sales of goods, net of discounts and sales return, Sales Tax and Excise Duty wherever applicable. Sale of standing trees is accounted as and when they are removed and the proceeds are credited to the Profit & Loss Account.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Dividends from Companies are accounted as income in the year in which they are received.

8. DEPRECIATION

Depreciation on assets other than relating to Rubber Wood Division are provided under WDV method at the rates specified under Schedule XIV of the Companies Act, 1956. However, depreciation is not provided for the year in respect of Rubber Wood Division and Kinalur Estate of Rubber Division since these Divisions are not in operation.

Value of lease hold land taken on perpetual lease and development expenditure thereto are not amortized. Depreciation on the incremental value on revaluation is debited to the Fixed Assets Revaluation Reserve Account.

Intangible Assets are amortized over a period of 5 years.

9. REPLANTING EXPENSES

Replanting expenditure is charged to the Profit and Loss Account of the year in which they are incurred except for Replanting expenses of Tea Division for the reasons explained in Note No.7 below.

10. FOREIGN CURRENCY TRANSACTION

There were no foreign currency transactions made during the year under audit.

11. TAXATION

No provision for taxation for current year is made in view of carried forward losses. The Company has significant unabsorbed depreciation and carried forward losses. In the absence of virtual certainty of realization of unabsorbed depreciation and carry forward losses, no Deferred Tax assets has been

recognized, which is not quantified.

12. IMPAIRMENT OF ASSETS

At each Balance Sheet date, the carrying values of the tangible assets are reviewed to determine whether there is any indication that those assets have suffered on impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the Company estimates the recoverable amount of the group of assets as a whole to determine the value of impairment.

13. BORROWING COSTS

Borrowing costs relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

14. SEGMENT REPORTING

As the entire operation of the Company's products relate to "Plantation" as single primary reportable segment, in the opinion of management no separate segment reporting is required under Accounting Standard (AS - 17) issued by The Institute of Chartered Accountants of India.

15. CASH FLOW

Cash Flow Statement has been prepared in accordance with the Indirect Method prescribed in the Accounting Standard 3 issued by The Institute of Chartered Accountants of India.

B. NOTES ON ACCOUNTS

(Amount in ₹)

| | 2010-11 | 2009-10 |
|--|-----------|-----------|
| 1. a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) | – | – |
| b) Commitments towards future lease rentals (Net of Advances) | 4,64,733 | 5,52,233 |
| c) Claims against the Company not acknowledged as debts : | | |
| i) Central Sales Tax | 2,13,331 | 2,13,331 |
| ii) Claims of Creditors/Workers | 25,25,057 | 9,42,740 |
| iii) Seigniorage Charges (Kerala Forest Dept.) (Paid under protest) | 84,02,033 | 53,62,033 |
| iv) P. F. Damages | 62,41,601 | 60,32,813 |
| v) Lease Rent | 18,86,975 | – |

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

2. The Rubber Wood Factory has not been in operation for nearly 13 years pursuant to notice received from the Deputy Conservator of Forests (Protection), Trivandrum. The representation made earlier to the Chief Divisional Officer is still pending. The Company is making fresh representation to the Forest Officials concerned for withdrawal of ban imposed on the Company, as the same is not applicable in our case.
3. The Company has received notice from the Directorate of Revenue Intelligence prohibiting any alteration/disposal of certain assets of CIF value approximately ₹ 1.10 Crores imported for Rubber Wood project, consequent to non-fulfillment of export obligation. Demand for payment of balance Customs Duty has been fully paid. The Company has filed a writ petition before the Hon'ble High Court of Madras against the levy of Interest of ₹ 30,29,925/- by the department.
4. The Memorandum of Understanding for sale of Kinalur Estate to Mr. P. K. C. Ahammed Kutty has been terminated by the Company and other statutory bodies in earlier years due to non-fulfillment of obligations on his part. As mentioned in previous year, the Hon'ble High Court of Kerala vide its Order and Judgment both dated 25th November, 2009 dismissed the suit and closed all interlocutory applications in respect of Kinalur Estate of the Company and accordingly the Receiver appointed was also released. Aggrieved by the High Court Order, some of the Applicants have filed Appeal before the Division Bench of the High Court. Also some other Applicants have filed suit before the Sub-Court, Koyilandy and Kozhikode against Mr. P. K. C. Ahammed Kutty in respect of Kinalur Estates impleading the Company.
Pending finalization of the matter the amount so received continues to be shown under 'Current Liabilities'.
5. Sundry Debtors and Loans & Advances and Deposits include certain overdue and unconfirmed balances. However, in the opinion of the management, these current assets would, in the ordinary course of business, realize the values stated in the accounts.
6. In view of no operations in Rubber Wood Division and Kinalur Estate of Rubber Division, depreciation amounting to ₹ 13.19 Lacs for the year has not been provided in the accounts (cumulative amount not provided till 31.03.2011 ₹ 65.73 Lacs).
7. From 2009-10 onwards the Company had taken up a plan to replant over the next seven years, a substantial part of the Tea estate abandoned in earlier years as the existing Tea plants could not be revived. The expenditure incurred for replanting as per the said plan has been capitalized as the benefit of the same shall accrue over a very long period of time.

8. Disclosure as per Accounting Standard - 15 related to Employees Benefits (₹ in Lacs)

| Particulars | 2010-2011 Gratuity | | 2009-2010 Gratuity | |
|--|-----------------------|-------------|-----------------------|----------|
| | Funded | Unfunded | Funded | Unfunded |
| Expenses recognized in the Statement of Profit & Loss Account for the year ended 31st March, 2011 | | | | |
| Current Service Cost | 19.42 | | 17.98 | |
| Interest Cost | 24.84 | | 26.36 | |
| Expected return on Plan Assets | (5.62) | | (5.31) | |
| Actuarial (Gain)/Losses | 5.30 | | 2.43 | |
| Past Service Cost | – | | 27.23 | |
| Expenses recognized in Profit & Loss Account | 43.94 | 4.28 | 68.69 | 7.61 |
| Present Value of the Defined Benefit Obligation | 330.21 | | 340.18 | |
| Fair value of Plan Assets | 57.32 | | 72.95 | |
| Net (Asset)/Liabilities recognized in Balance Sheet | 272.89 | | 267.23 | |
| Present value of Defined Benefit Obligations at 1st April, 2010 | 340.18 | | 302.23 | |

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lacs)

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

| Particulars | 2010-2011 Gratuity | | 2009-2010 Gratuity | |
|--|------------------------------|----------|------------------------------|----------|
| | Funded | Unfunded | Funded | Unfunded |
| Current Service Cost | 19.42 | | 17.98 | |
| Past Service Cost | – | | 27.23 | |
| Interest Cost | 24.84 | | 26.36 | |
| Actuarial Gain/(Losses) | 5.06 | | (0.05) | |
| Benefits Paid | (59.29) | | (33.57) | |
| Present Value of Obligation as at 31st March, 2011 | 330.21 | | 340.18 | |
| Fair Value of Plan Assets as at 1st April, 2010 | 72.95 | | 76.40 | |
| Expected return on Plan Assets | 5.62 | | 5.31 | |
| Actuarial Gain/(Losses) | (0.24) | | (2.48) | |
| Benefits Paid | (59.29) | | (33.57) | |
| Contributions | 38.28 | | 27.29 | |
| Fair Value of Plan Assets as at 31st March, 2011 | 57.32 | | 72.95 | |
| Principal Actuarial Assumptions used | | | | |
| Discount rates as at 31st March, 2011 | 8% | | 8% | |
| Expected returns on Plan Assets | 8% | | 9% | |
| Expected salary increase rates | 5% | | 5% | |
| Mortality Rates | LIC (94-96) Ultimate Rate | | LIC (94-96) Ultimate Rate | |
| Major categories of Plan Assets as a percentage of Fair Value of Plan Assets | LIC 100% | | LIC 100% | |

9. Disclosure of related party transaction as per AS - 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

Relationships

a) **Holding Company :**

Joonktollee Tea & Industries Ltd. (JTIL)

b) **Subsidiary Company :**

Cochin Estates Limited (CEL) - w.e.f. 21-09-2010

c) **Other Enterprises over which the Key Managerial Personnel/Relatives are able to exercise significant influence :**

Credwyn Holdings (India) Pvt. Ltd. (CHI)

Wind Power Vinimay Pvt. Ltd. (WPV)

PDGD Investments & Trading Pvt. Ltd. (PDGD)

Kettlewell Bullen & Co. Ltd. (KBC)

Kherapati Vanijya Ltd. (KVL)

d) **Key Managerial Personnel :**

Mr. Hemant Bangur - Chairman

SCHEDULES FORMING PART OF THE ACCOUNTS

(₹ in Lacs)

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

The following transactions were carried out with the Related Parties in the ordinary course of business :

| Particulars | JTIL | CEL | CHI | WPV | PDGD | KBC | KVL |
|--|--------|------|----------|--------|--------|--------|--------|
| Dividend Received | 0.01 | - | - | - | - | - | - |
| Previous Year | 0.01 | - | - | - | - | - | - |
| Interest Paid | - | - | 71.76 | 55.25 | 10.38 | 14.24 | 7.63 |
| Previous Year | - | - | 82.70 | 44.73 | 0.99 | - | - |
| Loan Received/(Refunded) during the year (Net) | - | - | (160.00) | - | 50.00 | 300.00 | 225.00 |
| Previous Year | - | - | 65.00 | 200.00 | 50.00 | - | - |
| Closing Balances | 524.27 | - | 430.00 | 425.00 | 100.00 | 300.00 | 225.00 |
| Previous Year | 524.27 | - | 590.00 | 425.00 | 50.00 | - | - |
| Loans & Advances Closing Stock | - | 2.21 | - | - | - | - | - |
| Investments - Closing Balances | 0.38 | 5.00 | - | - | - | - | - |

10. Earnings Per Share :

| | 2010-11 | 2009-10 |
|---|-------------|-------------|
| a) Profit/(Loss) after Tax as per Profit & Loss Account (₹) | 3,39,45,174 | 1,31,60,331 |
| b) Number of Equity shares outstanding(Nos.) | 17,71,908 | 17,71,908 |
| c) Basic and Diluted Earning Per Share (in ₹) (Face value ₹ 10/- per share) | 19.16 | 7.43 |

11. Repairs to Buildings and Machineries include :

| | | |
|-------------------------------------|-----------|-----------|
| Salaries and Wages | 54,90,959 | 42,05,201 |
| Consumption of Stores & spare parts | 14,64,948 | 12,19,812 |

12. a) There are no small-scale industries to which the Company owes dues, which were outstanding for more than 30 days as on the balance sheet date. The amount due to small scale industrial undertaking has been determined to the extent such parties has been identified on the basis of information available with the Company. This has been relied upon by Auditors.

b) The Company has not received any intimation from "Suppliers" regarding their status Under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts unpaid as at the year end together with interest paid/payable as required under said Act could not be furnished.

13. a) Capacity, Production etc.

| Classes of goods | Units | Licensed* Capacity | | Installed* Capacity | | Actual production | |
|-----------------------------|-------|--------------------|---------|---------------------|---------|-------------------|-----------|
| | | 2010-11 | 2009-10 | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Rubber (after process loss) | Kg. | N/A | N/A | N/A | N/A | 9,90,705 | 11,66,905 |
| Made Tea | Kg. | N/A | N/A | N/A | N/A | 3,00,050 | 4,15,850 |

* As certified by the Management.

SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

| | 2010 - 11 | | 2009 - 10 | |
|---|-----------|--------------|-----------|--------------|
| | Kgs. | ₹ | Kgs. | ₹ |
| b) Turnover | | | | |
| Rubber (Processed) | 8,98,920 | 17,14,53,692 | 12,03,676 | 14,59,19,514 |
| Rubber (Trading) | 9,000 | 12,39,570 | 38,500 | 39,10,305 |
| Tea | 3,23,922 | 2,14,94,073 | 3,74,561 | 2,76,04,835 |
| Minor Produce | | 1,78,546 | | 2,74,120 |
| c) Stock of Finished Goods : | | | | |
| (i) Opening Stock : | | | | |
| Rubber | 1,21,782 | 1,13,04,079 | 1,58,553 | 1,58,70,408 |
| Tea | 86,641 | 62,64,525 | 45,352 | 29,70,382 |
| (ii) Closing Stock : | | | | |
| Rubber | 2,13,567 | 1,91,59,846 | 1,21,782 | 1,13,04,079 |
| Tea | 60,373 | 41,26,856 | 86,641 | 62,64,525 |
| Coffee Beans | 7,476 | 4,03,704 | – | – |
| d) Purchase of Traded Goods : | | | | |
| Rubber | 9,000 | 11,70,060 | 38,500 | 36,99,941 |
| e) Raw Materials consumed : | | | | |
| 100% Indigenous | | | | |
| i) Green Leaf : | 12,90,855 | – | 17,59,605 | – |
| Being Raw material harvested in the Company's own garden as Agricultural produce involving integrated activities of Nursery, Cultivation, Growth etc. and utilized in the manufacture of tea, its value at the intermediate stage could not be ascertained. | | | | |
| ii) Green Leaf purchased | – | – | – | – |
| iii) Raw Latex/Rubber purchased | 86,472 | 1,59,34,027 | 1,64,621 | 1,91,59,021 |
| f) Value of Stores & spare parts consumed (100% Indigenous) | | 2,11,08,006 | | 2,21,99,406 |

14. The comparative figure for the previous year have been re-grouped/re-arranged wherever necessary to confirm to the classification for the year.

SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

C. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

| | | | |
|--------------------|-----------------|------------|-----|
| Registration No. | 1 5 2 5 8 6 | State Code | 2 1 |
| Balance Sheet Date | 3 1 0 3 2 0 1 1 | | |
| | Date Month Year | | |

II. Capital raised during the year (Amount in ₹ Thousands)

| | | | |
|--------------|-------|-------------------|-------|
| Public Issue | N I L | Rights Issue | N I L |
| Bonus Issue | N I L | Private Placement | N I L |

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)

| | | | |
|-------------------|-------------|--------------|-------------|
| Total Liabilities | 7 5 5 7 7 2 | Total Assets | 7 5 5 7 7 2 |
|-------------------|-------------|--------------|-------------|

Sources of Funds

| | | | |
|-----------------|-----------|----------------------|-------------|
| Paid-up Capital | 1 7 7 1 9 | Reserves and Surplus | 5 2 0 1 5 0 |
| Secured Loans | 5 2 8 4 7 | Unsecured Loans | 1 6 5 0 0 |

Application of Funds

| | | | |
|--------------------|---------------|---------------------------|-------|
| Net Fixed Assets | 5 5 0 8 8 2 | Investments | 7 5 0 |
| Net Current Assets | (9 1 7 9 7) | Miscellaneous Expenditure | N I L |
| Accumulated Losses | 3 2 9 8 8 3 | | |

IV. Performance of the Company (Amount in ₹ Thousands)

| | | | |
|--------------------------|-------------|-------------------------|-------------|
| Turnover | 2 1 3 1 0 0 | Total Expenditure | 1 7 9 1 5 5 |
| Profit/(Loss) before Tax | 3 3 9 4 5 | Profit/(Loss) after Tax | 3 3 9 4 5 |
| Earning Per Share (₹) | 1 9 | Dividend Rate % | N I L |

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

| | |
|----------------------------|---------------------------------|
| 1) Item Code No (ITC Code) | 4 0 0 1 1 0 . 0 2 |
| Product Description | C E N T R I F U G E D L A T E X |
| 2) Item Code No (ITC Code) | 9 0 2 4 0 . 0 2 |
| Product Description | B L A C K T E A |

Signature to Schedules 1 to 13

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

FR No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Chennai

Dated : 03.08.2011

Hemant Bangur Chairman

P. J. Bhide Director

B. R. Bhansali Director

K. C. Mohta Director

B. L. Dhanuka Director

STATEMENT REGARDING SUBSIDIARY COMPANY PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

| | Financial Year Ended | Holding Company Interest |
|---|---|--------------------------------------|
| SECTION 212 (1) (e) | | |
| Name of the Subsidiary Company | | |
| Cochin Estates Limited * | 31st March, 2011 | 100.00% |
| SECTION 212 (3) (b) | | |
| Net aggregate amount of Subsidiary's Profit which concerns the members of the Holding Company and not dealt with in the Company's Accounts | For the Financial year ended 31st March, 2011 (₹) | For the previous Financial Years (₹) |
| Cochin Estates Limited * | (230,178) | Nil |
| SECTION 212 (3) (c) | | |
| Net aggregate amount of Subsidiary's Profit dealt with in the Company's Account | | |
| Cochin Estates Limited * | Nil | Nil |
| SECTION 212 (5) | | |
| The Financial Year of the Subsidiary coincides the financial year of the Holding Company and as such Section 212(5) of the Act is not applicable. | | |

* Incorporated on 21.09.2010

Place : Kolkata

Dated : 03.08.2011

Hemant Bangur *Chairman*
P. J. Bhide *Director*
B. R. Bhansali *Director*
K. C. Mohta *Director*
B. L. Dhanuka *Director*

CONSOLIDATED AUDITORS' REPORT

To
The Board of Directors of
The Cochin Malabar Estates and Industries Limited

1. We have audited the attached Consolidated Balance Sheet of **The Cochin Malabar Estates and Industries Limited** (the Company) and its subsidiary (the Company and its subsidiary constitutes the Group) as at 31st March, 2011, and the Consolidated Profit & Loss Account and Consolidated Cash Flow Statement of the Group for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared on the basis of the separate financial statements and other financial information regarding its 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 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 the 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 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
4. *Reference is invited to the following observations, impact of which on the Company's Consolidated Profit is stated in the respective notes below :*
 - i) *We are unable to express an opinion about the profitability of Kinalur Estate and also the physical condition of the assets of the estate and adjustment arising out of cancellation of contract as details in Note No. B-6 of Schedule 13.*
 - ii) *Note No. B-4 of Schedule 13 regarding non provision of Depreciation in respect of Rubber Wood Division and Kinalur Estate of Rubber Division amounting to ₹ 13.19 Lacs. (cumulative depreciation unprovided upto 31-03-2011 ₹ 65.73 Lacs).*
5. Subject to our comments in para 4 (i) & (ii) above , based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its subsidiary, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - i) In the case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2011.
 - ii) In the case of the Consolidated Profit & Loss Account, of the consolidated Profit of the Group for the year ended on that date, and
 - iii) In the case of the Consolidated Cash Flow Statement of the consolidated Cash flows of the Group for the year ended on that date.

For **SINGHI & CO.,**
Chartered Accountants
FR No. 302049E
Sudesh Choraria
Partner
Membership No. 204936

Place : Chennai
Dated : 03.08.2011

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2011

(Amount in ₹)

| | Schedule | As at 31st March, 2011 | |
|---|----------|------------------------|---------------|
| I. SOURCES OF FUNDS | | | |
| (1) Shareholders' Funds : | | | |
| (a) Share Capital | 1 | 1,77,19,080 | |
| (b) Reserves and Surplus | 2 | 51,97,05,700 | 53,74,24,780 |
| (2) Loan Funds : | | | |
| (a) Secured Loans | 3 | 5,28,47,352 | |
| (b) Unsecured Loans | | 16,55,00,000 | 21,83,47,352 |
| | | | 75,57,72,132 |
| II. APPLICATION OF FUNDS | | | |
| (1) Fixed Assets | | | |
| (a) Gross Block | 4 | 64,43,66,783 | |
| (b) Less : Depreciation | | 9,52,85,717 | |
| (c) Net Block | | 54,90,81,066 | |
| (d) Capital Work-in-Progress | | 18,00,477 | 55,08,81,543 |
| (2) Investments | | | |
| (3) Current Assets, Loans & Advances | | | |
| (a) Inventories | | 3,22,14,388 | |
| (b) Sundry Debtors | | 94,12,588 | |
| (c) Cash and Bank Balances | | 64,54,034 | |
| (d) Other Current Assets | | 91,413 | |
| (e) Loans & Advances | | 7,70,80,669 | |
| | | 12,52,53,092 | |
| Less : Current Liabilities and Provisions | | | |
| (a) Liabilities | 7 | 17,49,32,127 | |
| (b) Provisions | | 4,18,47,976 | |
| | | 21,67,80,103 | |
| Net Current Assets | | | (9,15,27,011) |
| (4) Debit Balance in Profit & Loss Account | | | |
| | | | 29,61,67,959 |
| | | | 75,57,72,132 |

Significant Accounting Policies and Notes on Accounts

13

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

FR No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Chennai

Dated : 03.08.2011

Hemant Bangur *Chairman***P. J. Bhide** *Director***B. R. Bhansali** *Director***K. C. Mohta** *Director***B. L. Dhanuka** *Director*

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

(Amount in ₹)

| | Schedule | Year ended 31st March, 2011 | |
|---|----------|-----------------------------|----------------|
| INCOME | | | |
| Sales | 8 | 20,44,14,373 | |
| Increase/(Decrease) in Stock | 8 | 61,21,802 | |
| Miscellaneous Income | 9 | 25,64,302 | 21,31,00,477 |
| EXPENSES | | | |
| Expenditures | 10 | 15,27,40,636 | |
| Miscellaneous Overheads | 11 | 46,45,653 | |
| Interest Paid | 12 | 1,65,52,032 | |
| Depreciation | 4 | 58,91,044 | |
| Less : Transferred from Revaluation Reserve | | 4,43,884 | |
| | | 54,47,160 | 17,93,85,481 |
| Profit for the year before Tax | | | 3,37,14,996 |
| Provision for Tax | | | — |
| Profit after Tax | | | 3,37,14,996 |
| Add : Deficit brought forward from previous year | | | (32,98,82,955) |
| Loss carried forward to Balance Sheet | | | (29,61,67,959) |
| Basic and Diluted Earnings Per Share (₹) (Face value of ₹ 10/- each) | | | 19.03 |

Significant Accounting Policies & Notes on Accounts 13

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

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

FR No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Chennai

Dated : 03.08.2011

Hemant Bangur Chairman**P. J. Bhide** Director**B. R. Bhansali** Director**K. C. Mohta** Director**B. L. Dhanuka** Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

| | (Amount in ₹) |
|---|-----------------------|
| | 31.03.2011 |
| A. CASH FLOW FROM OPERATING ACTIVITIES | |
| Net profit before Tax and extra ordinary items | 3,37,14,996 |
| Adjustments for : | |
| Depreciation | 54,47,160 |
| Interest Paid | 1,65,52,032 |
| Interest Received | (1,22,082) |
| Loss/(Profit) on Sale of Fixed Assets | - |
| Loss on Fixed Assets Discarded | 5,81,020 |
| Loss/(Profit) on Sale of Investments | - |
| Bad Debts/Advances written off | 10,861 |
| Income from Investments | (26,839) |
| Operating profit before working capital changes | 5,61,57,148 |
| Adjustments for : | |
| Trade and other receivables | (6,74,30,076) |
| Inventories | (48,87,935) |
| Trade and other payables | (68,60,077) |
| Cash generated from operations | (2,30,20,940) |
| Less : Direct Taxes | - |
| NET CASH FROM OPERATING ACTIVITIES | (2,30,20,940) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | |
| Sale of Fixed Assets | - |
| Sale/(Purchase) of Investments | - |
| Capital Work-in-Progress | 19,49,147 |
| Dividend Received | 26,839 |
| Interest Received | 37,903 |
| Purchase of Fixed Assets | (2,19,89,838) |
| NET CASH FLOW FROM INVESTING ACTIVITIES | (1,99,75,949) |

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

| | (Amount in ₹) |
|--|----------------------|
| | 31.03.2011 |
| C. CASH FLOW FROM FINANCING ACTIVITIES | |
| Long term borrowings | (6,23,598) |
| Short term borrowings | 5,90,00,000 |
| Interest Paid | (1,65,52,032) |
| Dividend Paid | – |
| NET CASH FLOW FROM FINANCING ACTIVITIES | 4,18,24,370 |
| EQUIVALENTS (A+B+C) | (11,72,519) |
| CASH AND CASH EQUIVALENTS AS ON 31.03.2011 | 64,54,034 |
| LESS : CASH AND CASH EQUIVALENTS AS ON 31.03.2010 | 76,26,553 |
| | (11,72,519) |

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

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

FR No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Chennai

Dated : 03.08.2011

Hemant Bangur *Chairman*

P. J. Bhide *Director*

B. R. Bhansali *Director*

K. C. Mohta *Director*

B. L. Dhanuka *Director*

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE 1 SHARE CAPITAL | | As at 31st March, 2011 |
|--|--|------------------------|
| Authorised : | | |
| 5,000 - 12% Cumulative Preference Shares of ₹ 100/- each | | 5,00,000 |
| 49,50,000 - Equity Shares of ₹ 10/- each | | 4,95,00,000 |
| | | 5,00,00,000 |
| Issued, Subscribed and paid up : | | |
| 17,71,908 - Equity Shares of ₹ 10/- each fully paid up | | 1,77,19,080 |
| | | 1,77,19,080 |

Of the above

- (i) 71,451 Equity Shares were allotted as fully paid up pursuant to a contract for consideration other than cash except in respect of 64,745 shares for which ₹ 2.08 per share was received in cash.
- (ii) 6,45,907 Equity Shares were allotted as fully paid up by way of Bonus Shares through the capitalisation of Reserves.
- (iii) 1,14,285 Equity Shares were allotted as fully paid up pursuant to a Scheme of Amalgamation.

| SCHEDULE 2 RESERVES AND SURPLUS | | |
|---|--------------|--------------|
| Fixed Assets Revaluation Reserve : | | |
| As per Last Balance Sheet | 41,65,04,656 | |
| Less : Transfer to Profit & Loss Account | 4,43,884 | |
| Adjustment on disposal of assets | — | 41,60,60,772 |
| Capital Reserve : | | |
| As per Last Balance Sheet | | 10,35,31,628 |
| Capital Redemption Reserve : | | |
| As per Last Balance Sheet | | 1,13,300 |
| | | 51,97,05,700 |

| SCHEDULE 3 LOANS | | |
|---------------------------|--|--------------|
| SECURED : | | |
| Loan from Holding Company | | 5,24,27,000 |
| Vehicle Loans from Bank | | 4,20,352 |
| | | 5,28,47,352 |
| UNSECURED : | | |
| Loan from others | | 16,55,00,000 |
| | | 21,83,47,352 |

Notes :

1. Loan from Holding Company is secured by equitable mortgage of Kinalur, Chemoni, Pudukad and Pullikanam Estates, Rubber Wood Factory and landed properties at Goa.
2. Vehicle Loans from bank is secured by hypothecation of specific vehicles purchased.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| Description of Assets | Cost/Valuation | | | | Depreciation | | | Net Value of Assets | |
|-----------------------|-----------------------|---------------------------|--------------------------------------|-----------------------------------|-----------------------|--------------|----------------------------|------------------------|------------------------|
| | As on 1st April, 2010 | Additions during the year | Deductions/ Transfer during the year | Total Value upto 31st March, 2011 | As on 1st April, 2010 | For the year | Deductions during the year | As on 31st March, 2011 | As on 31st March, 2011 |
| LAND | | | | (a) | | | | | |
| - Freehold | 21,61,31,893 | - | - | 21,61,31,893 | - | - | - | - | 21,61,31,893 |
| - Leasehold | 21,78,25,113 | - | - | 21,78,25,113 | - | - | - | - | 21,78,25,113 |
| DEVELOPMENT | 1,79,32,548 | 1,66,59,300 | 5,81,020 | 3,40,10,828 | - | - | - | - | 3,40,10,828 |
| BUILDINGS | 9,86,88,490 | 6,23,689 | - | 9,93,12,179 | 4,78,98,994 | 15,12,832 | - | 4,94,11,826 | 4,99,00,353 |
| ROADS & BRIDGES | 43,30,090 | 3,87,692 | - | 47,17,782 | 20,25,973 | 68,363 | - | 20,94,336 | 26,23,446 |
| MACHINERY | 5,50,33,394 | 24,90,735 | - | 5,75,24,129 | 3,05,91,570 | 30,95,968 | - | 3,36,87,538 | 2,38,36,591 |
| FURNITURE | 40,26,304 | 27,033 | - | 40,53,337 | 31,92,647 | 1,23,453 | - | 33,16,100 | 7,37,237 |
| VEHICLES | 89,90,133 | 4,000 | - | 89,94,133 | 56,85,489 | 9,12,166 | - | 65,97,655 | 23,96,478 |
| INTANGIBLE ASSETS | - | 17,97,389 | - | 17,97,389 | - | 1,78,262 | - | 1,78,262 | 16,19,127 |
| TOTAL | 62,29,57,965 | 2,19,89,838 | 5,81,020 | 64,43,66,783 | 8,93,94,673 | 58,91,044 | - | 9,52,85,717 | 54,90,81,066 |

(a) Includes ₹ 48,38,66,013/- on revaluation in 1993 (2010/11 ₹ 41,60,60,772/-)

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 5 INVESTMENTS

| Particulars | Face Value | As at 31st March, 2011 | |
|--|------------|------------------------|----------|
| | ₹ | No. | ₹ |
| LONG TERM NON - TRADE | | | |
| Quoted : | | | |
| In fully paid Equity Shares in | | | |
| The Periakaramalai Tea & Produce Co. Ltd. | 10 | 3,345 | 1,36,057 |
| Aspinwall & Company Ltd. | 10 | 270 | 275 |
| The Kailas Rubber Company Ltd. | 10 | 20 | 311 |
| The Rajagiri Rubber & Produce Co. Ltd. | 10 | 100 | 1,410 |
| The Malankara Rubber & Produce Co. Ltd. | 10 | 80 | 1,013 |
| Joonktollee Tea and Industries Ltd. | 10 | 720 | 38,593 |
| The Thirumbadi Rubber Co. Ltd. | 10 | 327 | 13,463 |
| Graphite India Ltd. | 2 | 665 | 3,087 |
| Shree Synthetics Ltd. | 10 | 100 | 2,432 |
| Kings International Aqua Marine Exports Ltd. | 10 | 500 | 5,000 |
| LKP Merchant Finance Ltd. | 10 | 1,200 | 48,000 |
| | | | 2,49,641 |

| | 2010/2011 | |
|--------------------|-----------------|-------------------|
| | Book Value ₹ | Market Value ₹ |
| Quoted Investments | 2,49,641 | # |

Latest market value for quoted shares is not available.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE | 6 | CURRENT ASSETS | As at 31st March, 2011 | |
|---------------------------------------|----------|---|-------------------------------|---------------------|
| INVENTORIES : | | | | |
| | | Stores and spare parts | 70,41,696 | |
| | | Nursery Stock | 9,63,293 | |
| | | Loose Tools, Medical and Laboratory Equipment | 4,77,501 | |
| | | Rubber | 1,91,59,846 | |
| | | Tea | 41,26,856 | |
| | | Coffee | 4,03,704 | |
| | | Assets held for disposal | 41,492 | 3,22,14,388 |
| SUNDRY DEBTORS : | | | | |
| Unsecured : | | | | |
| | | Debts Outstanding for a period exceeding six months - | | |
| | | Considered Good | 1,52,872 | |
| | | Other Debts | 92,59,716 | 94,12,588 |
| CASH AND BANK BALANCES : | | | | |
| | | Cash in Hand | 2,48,949 | |
| Balance with Scheduled Banks : | | | | |
| | | On Current Accounts | 36,75,085 | |
| | | On Deposit Accounts | 25,30,000 | 64,54,034 |
| OTHER CURRENT ASSETS : | | | | |
| | | Interest accrued on deposits | | 91,413 |
| LOANS AND ADVANCES : | | | | |
| Unsecured : | | | | |
| | | Advances recoverable in cash or in kind or for value to be received - | | |
| | | Considered good | 1,58,85,064 | |
| | | Advance against purchase of land | 6,00,00,000 | |
| | | Other Deposits | 11,95,605 | 7,70,80,669 |
| | | | | 12,52,53,092 |

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE | 7 | CURRENT LIABILITIES AND PROVISIONS | As at 31st March, 2011 | |
|---------------------------|----------|---|-------------------------------|--------------|
| LIABILITIES : | | | | |
| Sundry Creditors : | | | | |
| | | Due to Creditors other than Small Scale Industrial Undertakings | | 54,69,175 |
| | | Other Liabilities (Refer Note No. 6 of Schedule 13) | | 16,94,62,952 |
| | | | | 17,49,32,127 |
| PROVISIONS : | | | | |
| | | For Gratuity | 3,30,21,191 | |
| | | Less : Amount Paid | 57,32,191 | 2,72,89,000 |
| | | For Taxation | 2,92,17,283 | |
| | | Less : Payments in advance | 2,34,87,355 | 57,29,928 |
| | | Other Provisions | | 88,29,048 |
| | | | | 4,18,47,976 |

| SCHEDULE | 8 | INCOME | Year ended 31st March, 2011 | |
|---------------------------------------|----------|------------------------|------------------------------------|--------------|
| SALES : | | | | |
| | | Rubber (Processed) | | 17,14,53,692 |
| | | Rubber (Trading) | | 12,39,570 |
| | | Tea | | 2,14,94,073 |
| | | Trees | | 1,00,48,492 |
| | | Minor Produce | | 1,78,546 |
| | | | | 20,44,14,373 |
| INCREASE/(DECREASE) IN STOCK : | | | | |
| | | Opening Stock - Rubber | 1,13,04,079 | |
| | | - Tea | 62,64,525 | 1,75,68,604 |
| | | Closing Stock - Rubber | 1,91,59,846 | |
| | | - Tea | 41,26,856 | |
| | | - Coffee | 4,03,704 | 2,36,90,406 |
| | | | | 61,21,802 |

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE 9 MISCELLANEOUS INCOME | Year ended 31st March, 2011 | |
|---|------------------------------------|-----------|
| Dividend Received | | 26,839 |
| Interest Received - Gross | | |
| from Bank | 84,179 | |
| from Others | 37,903 | 1,22,082 |
| (TDS ₹ 5,977/-; 2009-10 ₹ 7,784/-) | | |
| Miscellaneous Receipts | | 18,21,726 |
| Credit Balances/Liabilities no longer required written back | | 5,93,655 |
| | | 25,64,302 |

| SCHEDULE 10 EXPENDITURES | | |
|---|-----------|--------------|
| Raw Material Purchased | | 1,59,34,027 |
| Rubber Purchased | | 11,70,060 |
| Salaries, Wages and Bonus | | 7,80,68,751 |
| Contribution to Provident and other Funds | | 60,47,047 |
| Gratuity | | 48,21,986 |
| Workmen and Staff Welfare Expenses | | 60,51,351 |
| Consumption of Stores and spare parts | | 1,96,43,058 |
| Power and Fuel | | 54,90,782 |
| Rent including Lease Rentals | | 4,12,705 |
| Repairs : | | |
| - Buildings | 58,90,526 | |
| - Machinery | 18,38,486 | 77,29,012 |
| Vehicle Maintenance | | 20,68,717 |
| Insurance | | 4,92,056 |
| Rates and Taxes | | 8,68,112 |
| Freight and Forwarding Charges | | 9,31,068 |
| Miscellaneous Expenses | | 21,89,226 |
| Prior Period Expenses | | 8,22,678 |
| | | 15,27,40,636 |

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in ₹)

| SCHEDULE 11 | MISCELLANEOUS OVERHEADS | Year ended 31st March, 2011 | |
|--------------------|---|------------------------------------|------------------|
| | Selling Commission | | 1,89,084 |
| | Payments to Auditors : | | |
| | Audit Fee | 1,35,000 | |
| | Taxation/Tax Audit | 35,000 | |
| | Other Services | 80,000 | |
| | Expenses | 21,527 | 2,71,527 |
| | Printing & Stationery, Subscription, Postage & Other Charges | | 12,17,996 |
| | Legal & Professional Charges | | 15,72,285 |
| | Travelling Expenses (includes Directors' Travelling Expenses) | | 6,90,880 |
| | Directors' Sitting Fees | | 32,000 |
| | Donations | | 80,000 |
| | Bad Debts/Advances written off | | 10,861 |
| | Loss on Fixed Assets Discarded | | 5,81,020 |
| | | | 46,45,653 |

| SCHEDULE 12 | INTEREST PAID | | |
|--------------------|-------------------------|--|--------------------|
| | On Loans/Other Accounts | | 1,65,52,032 |
| | | | 1,65,52,032 |

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts are prepared on historical cost convention (with the exception of certain land and plant and machinery which were revalued) based on Accrual Method of Accounting and applicable Accounting Standards and on Going Concern Basis in accordance with accounting standards and the relevant provisions of the Companies Act, 1956

2. USE OF ESTIMATES

The preparation of financial statements are in conformity with generally accepted accounting principles which requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/materialized.

3. FIXED ASSETS

- i) Fixed Assets are stated at cost inclusive of interest on borrowings attributable to acquisition of Fixed Assets and increased by revaluation of assets at their fair market values as on 31/03/1993 as determined by approved valuers, less depreciation except in respect of Rubber Wood Division and Kinalur Estate of Rubber Division for which no depreciation is provided during the year.
- ii) Subsidies received in respect of fixed assets are deducted from the cost of respective assets.
- iii) Items of machinery spares to be used in connection with an item of fixed assets are amortized over the useful life of the assets.
- iv) Fixed Assets taken on lease (other than land taken on perpetual lease) are not capitalized and the annual lease rentals are absorbed in the Profit & Loss Account. The excess of lease rentals paid over the amount accrued in respect thereof is treated as prepaid lease rental.

4. INVESTMENTS

Long term and unquoted Investments are stated at cost unless there is a permanent decline in value

thereof, in which case, adequate provision is made in the accounts. Cost includes brokerage, stamp duty and other financial charges directly attributable to their acquisition.

5. INVENTORIES

- i) Stock of Finished Rubber, Tea and Other Minor Produce are valued at the lower of cost (determined on weighted average method) and net realizable value.
- ii) Stock of Stores and spare parts are valued at cost using the weighted average cost basis.
- iii) Loose tools etc. are amortized over a period of 3 years.

6. RETIREMENT BENEFITS

Retirement benefits to employees are ascertained and provided in the accounts as per AS - 15 "Employees Benefits".

i) Gratuity :

Company has taken group gratuity policy for future payment of gratuity with the Life Insurance Corporation of India (LIC). Incremental liability for gratuity has been provided in the accounts based on actuarial valuation. The arrears of premium are being paid in monthly installments.

ii) Superannuation Fund :

This is a defined contribution plan. The Company contributes under the defined contribution plan, managed by Life Insurance Corporation of India. The Company has no further obligations for future superannuation benefits other than its annual contributions and recognized such contribution as expenses in the year in which the same was incurred.

iii) Provident Fund :

This is a defined contribution plan and contributions made to the fund are charged to revenue. The Company has no further obligations for future provident fund benefits other than annual contribution.

7. REVENUE RECOGNITION

Sales comprise of sales of goods, net of discounts and sales return, Sales Tax and Excise Duty wherever applicable. Sale of standing trees is accounted as and when they are removed and the proceeds are credited to the Profit & Loss Account.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Dividends from Companies are accounted as income in the year in which they are received.

8. DEPRECIATION

Depreciation on assets other than relating to Rubber Wood Division are provided under WDV method at the rates specified under Schedule XIV of the Companies Act, 1956. However, depreciation is not provided for the year in respect of Rubber Wood Division and Kinalur Estate of Rubber Division since these Divisions are not in operation.

Value of lease hold land taken on perpetual lease and development expenditure there to are not amortized. Depreciation on the incremental value on revaluation is debited to the Fixed Assets Revaluation Reserve account.

Intangible Assets are amortized over a period of 5 years.

9. REPLANTING EXPENSES

Replanting expenditure is charged to the Profit and Loss Account of the year in which they are incurred except for Replanting expenses of Tea Division for the reasons explained in Note No.7 below.

10. FOREIGN CURRENCY TRANSACTION

There were no foreign currency transactions made during the year under audit.

11. TAXATION

No provision for taxation for current year is made in view of carried forward losses. The Company has significant unabsorbed depreciation and carried forward losses. In the absence of virtual certainty of realization of unabsorbed depreciation and carry forward losses, no Deferred Tax assets has been recognized, which is not quantified.

12. IMPAIRMENT OF ASSETS

At each Balance Sheet date, the carrying values of the tangible assets are reviewed to determine whether there is any indication that those assets

have suffered on impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where there is an indication that there is a likely impairment loss for a group of assets, the company estimates the recoverable amount of the group of assets as a whole to determine the value of impairment.

13. BORROWING COSTS

Borrowing costs relating to acquisition/construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

14. SEGMENT REPORTING

As the entire operation of the Company's products relate to "Plantation" as single primary reportable segment, in the opinion of management no separate segment reporting is required under Accounting Standard (AS - 17) issued by The Institute of Chartered Accountants of India.

15. CASH FLOW

Cash Flow Statement has been prepared in accordance with the Indirect Method prescribed in the Accounting Standard 3 issued by The Institute of Chartered Accountants of India.

B. NOTES ON ACCOUNTS

- The consolidated financial statement have been prepared by the Company in accordance with the requirements of Accounting Standard - 21 on "Consolidated Financial Statements" as notified under The Companies Accounting Standard Rules, 2006 and represents consolidation of accounts of The Cochin Malabar Estates & Industries Limited and its subsidiary as detailed below :

| Name of the Company | Country of Incorporation | Proportion of Ownership Interest | Reporting Period and Date |
|------------------------------|--------------------------|----------------------------------|-----------------------------|
| Cochin Estates Limited(CEL)* | India | 100.00 % | Year ended 31st March, 2011 |

*With effect from 21.09.2010

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

2. The consolidated financial statements have been prepared using the same accounting policies as that of The Cochin Malabar Estates & Industries Limited.

(Amount in ₹)

| | 2010-11 |
|--|------------------|
| 3. a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for (Net of Advances) | - |
| b) Commitments towards future lease rentals (Net of Advances) | 4,64,733 |
| c) Claims against the company not acknowledged as debts : | |
| i) Central Sales Tax | 2,13,331 |
| ii) Claims of Creditors/Workers | 25,25,057 |
| iii) Seigniorage Charges (Kerala Forest Dept.) (Paid under protest) | 84,02,033 |
| iv) P.F. Damages | 62,41,601 |
| v) Lease Rent | 18,86,975 |

4. The Rubber Wood Factory has not been in operation for nearly 13 years pursuant to notice received from the Deputy Conservator of Forests (Protection), Trivandrum. The representation made earlier to the Chief Divisional Officer is still pending. The Company is making fresh representation to the Forest Officials concerned for withdrawal of ban imposed on the Company, as the same is not applicable in our case.
5. The Company has received notice from the Directorate of Revenue Intelligence prohibiting any alteration/disposal of certain assets of CIF value approximately ₹ 1.10 Crores imported for Rubber Wood project, consequent to non-fulfillment of export obligation. Demand for payment of balance Customs Duty has been fully paid. The Company has filed a writ petition before the Hon'ble High Court of Madras against the levy of Interest of ₹ 30, 29,925/- by the department.
6. The Memorandum of Understanding for sale of Kinalur Estate to Mr. P. K. C. Ahammed Kutty has been terminated by the Company and other statutory bodies in earlier years due to non-fulfillment of obligations on his part. As mentioned in previous year, the Hon'ble High Court of Kerala vide its Order and Judgment both dated 25th November, 2009 dismissed the suit and closed all

interlocutory applications in respect of Kinalur Estate of the Company and accordingly the Receiver appointed was also released. Aggrieved by the High Court Order, some of the Applicants have filed Appeal before the Division Bench of the High Court. Also some other Applicants have filed suit before the Sub-Court, Koyilandy and Kozhikode against Mr. P. K. C. Ahammed Kutty in respect of Kinalur Estates impleading the Company.

Pending finalization of the matter the amount so received continues to be shown under 'Current Liabilities'.

7. Sundry Debtors and Loans and Advances and Deposits include certain overdue and unconfirmed balances. However, in the opinion of the management, these current assets would, in the ordinary course of business, realize the values stated in the accounts.
8. In view of no operations in Rubber Wood Division and Kinalur Estate of Rubber Division, depreciation amounting to ₹ 13.19 Lacs for the year has not been provided in the accounts (cumulative amount not provided till 31.03.2011 ₹ 65.73 Lacs).
9. From 2009-10 onwards the Company had taken up a plan to replant over the next seven years, a substantial part of the Tea estate abandoned in earlier years as the existing Tea plants could not be revived. The expenditure incurred for replanting as per the said plan has been capitalized as the benefit of the same shall accrue over a very long period of time.

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

| 10. Disclosure as per Accounting Standard - 15 related to Employees Benefits | | (₹ in Lacs) | |
|--|--|---------------------------|----------|
| | | 2010-2011 Gratuity | |
| | | Funded | Unfunded |
| Expenses recognized in the Statement of Profit & Loss Account for the year ended 31st March, 2011 | | | |
| Current Service Cost | | 19.42 | |
| Interest Cost | | 24.84 | |
| Expected return on Plan Assets | | (5.62) | |
| Actuarial (Gain)/Losses | | 5.30 | |
| Past Service Cost | | - | |
| Expenses recognized in Profit & Loss Account | | 43.94 | 4.28 |
| Present Value of the Defined Benefit Obligation | | 330.21 | |
| Fair value of Plan Assets | | 57.32 | |
| Net (Asset)/Liabilities recognized in Balance Sheet | | 272.89 | |
| Present value of Defined Benefit Obligations at 1st April, 2010 | | 340.18 | |
| Current Service Cost | | 19.42 | |
| Past Service Cost | | - | |
| Interest Cost | | 24.84 | |
| Actuarial Gain/(Losses) | | 5.06 | |
| Benefits Paid | | (59.29) | |
| Present Value of Obligation as at 31st March, 2011 | | 330.21 | |
| Fair Value of Plan Assets as at 1st April, 2010 | | 72.95 | |
| Expected return on Plan Assets | | 5.62 | |
| Actuarial Gain/(Losses) | | (0.24) | |
| Benefits Paid | | (59.29) | |
| Contributions | | 38.28 | |
| Fair Value of Plan Assets as at 31st March, 2011 | | 57.32 | |
| Principal Actuarial Assumptions used | | | |
| Discount rates as at 31st March, 2011 | | 8% | |
| Expected returns on Plan Assets | | 8% | |
| Expected salary increase rates | | 5% | |
| Mortality Rates | | LIC (94-96) Ultimate Rate | |
| Major categories of Plan Assets as a percentage of Fair Value of Plan Assets | | LIC 100% | |

11. Disclosure of related party transaction as per AS - 18 "Related Party Disclosures" issued by The Institute of Chartered Accountants of India.

Relationships

a) **Holding Company :**

Joonktollee Tea & Industries Ltd. (JTIL)

b) **Other Enterprises over which the Key Managerial Personnel/Relatives are able to exercise significant influence :**

Credwyn Holdings (India) Pvt. Ltd. (CHI)

CONSOLIDATED SCHEDULES FORMING PART OF THE ACCOUNTS

SCHEDULE 13 SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Wind Power Vinimay Pvt. Ltd. (WPV)
 PDGD Investments & Trading Pvt. Ltd. (PDGD)
 Kettlewell Bullen & Co. Ltd. (KBC)
 Kherapati Vanijya Ltd. (KVL)

c) **Key Managerial Personnel :**

Mr. Hemant Bangur - Chairman

The following transactions were carried out with the Related Parties in the ordinary course of business : (₹ in Lacs)

| Particulars | JTIL | CHI | WPV | PDGD | KBC | KVL |
|------------------------------------|--------|----------|--------|--------|--------|--------|
| Dividend Received | 0.01 | - | - | - | - | - |
| Interest paid | - | 71.76 | 55.25 | 10.38 | 14.24 | 7.63 |
| Loan Received/(Refunded) | | | | | | |
| During the year (Net) | - | (160.00) | - | 50.00 | 300.00 | 225.00 |
| Closing Balance | 524.27 | 430.00 | 425.00 | 100.00 | 300.00 | 225.00 |
| Loans & Advances - Closing Balance | - | - | - | - | - | - |
| Investments - Closing Balance | 0.38 | - | - | - | - | - |

12. **Earnings Per Share :**

| | 2010-11 |
|---|-------------|
| a) Profit/(Loss) after tax as per Profit & Loss Account (₹) | 3,37,14,996 |
| b) Number of Equity shares outstanding (Nos.) | 17,71,908 |
| c) Basic and Diluted earning per share (in ₹) (Face value ₹ 10/- per share) | 19.03 |

13. **Repairs to Buildings and Machineries include :**

| | |
|-------------------------------------|-----------|
| Salaries and Wages | 54,90,959 |
| Consumption of Stores & spare parts | 14,64,948 |

14. (a) There are no small-scale industries to which the Company owes dues, which were outstanding for more than 30 days as on the balance sheet date. The amount due to small scale industrial undertaking has been determined to the extent such parties has been identified on the basis of information available with the Company. This has been relied upon by Auditors.

(b) The Company has not received any intimation from "Suppliers" regarding their status Under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to the amounts unpaid as at the year end together with interest paid/payable as required under said Act could not be furnished.

15. This being the first year of adoption of Accounting Standard - 21 on "Consolidated Financial Statements" as notified under The Companies Accounting Standard Rules, 2006, comparative figures for the previous year are not disclosed.

Signature to Schedules 1 to 13

As per our report of even date annexed

For **SINGHI & CO.**

Chartered Accountants

FR No. 302049E

Sudesh Choraria

Partner

Membership No. 204936

Place : Chennai

Dated : 03.08.2011

Hemant Bangur Chairman

P. J. Bhide Director

B. R. Bhansali Director

K. C. Mohta Director

B. L. Dhanuka Director

STATEMENT CONTAINING BRIEF FINANCIAL DETAILS OF SUBSIDIARY OF THE COMPANY

In terms of General Circular No: 02/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs, a statement containing brief details of the subsidiary for the year ended 31st March, 2011 is given hereunder :

(Amount in ₹)

| Item | Cochin Estates Limited |
|---------------------------|------------------------|
| 1. Capital | 500,000 |
| 2. Reserves | – |
| 3. Total Assets | 503,360 |
| 4. Total Liabilities | 233,538 |
| 5. Investments | – |
| 6. Turnover | – |
| 7. Profit before Taxation | (230,178) |
| 8. Provision for Taxation | – |
| 9. Profit after Taxation | (230,178) |
| 10. Proposed Dividend | – |
| 11. Reporting Currency | INDIAN RUPEES |

The Annual Accounts of the Subsidiary and the related detailed information will be made available to any member of the Company seeking such information at any point of time and are also available for inspection by any member of the Company at the Registered Office of the Company. The Annual Accounts of the said Subsidiary will also be available for inspection as above, at the Registered Office of the Subsidiary.



THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED
www.cochinmalabar.in

THE COCHIN MALABAR ESTATES & INDUSTRIES LIMITED

Registered Office : 21, Strand Road, Kolkata - 700 001

NOTICE is hereby given that the Eighty First Annual General Meeting of the Members of the Company will be held at Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020, on **Wednesday, the 28th September, 2011 at 11.15 A.M.** for transacting the following Business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011, the Balance Sheet as on that date and the Reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Shri K. C. Mohta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri P. J. Bhide who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Registered Office :

21, Strand Road,
Kolkata - 700 001
Date : 03.08.2011

By Order of the Board

B. L. Dhanuka
Director

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING MAY APPOINT A PROXY TO ATTEND AND VOTE ON A POLL ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be deposited with the Company/Registrar not less than 48 hours before commencement of the Annual General Meeting.
2. Corporate Members are requested to send to the Company/Registrar & Share Transfer Agent, a duly certified copy of the Board Resolution/Power of Attorney authorizing their representative to attend and vote at the Annual General Meeting.
3. The Register of Members and Share Transfer Books in respect of Equity Shares of the Company will remain closed Thursday, the 22nd September, 2011 to Wednesday, the 28th September, 2011 (both days inclusive).
4. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company for admission to the Meeting hall.
5. Members are requested to -
 - a. Inform the Company/Registrar & Share Transfer Agent, the changes, if any;
 - b. Quote their Folio Numbers in all correspondence with the Company.
6. In terms of Circular No. MRD/DoP/Cir – 05/2009 dated 20th May, 2009 issued by the Securities and Exchange Board of India (SEBI), it is now mandatory for the transferee of the physical shares to furnish copy of PAN card to the Company or its RTA for registration of transfer of shares. Shareholders are requested to furnish copy of PAN card at the time of transferring physical shares.
7. Members who wish to obtain any information on the Company or the Accounts for the financial year ended 31st March, 2011 may send their queries to the Company at the Registered Office of the Company at least 10 days before the Annual General Meeting.
8. Pursuant to Section 109A of the Companies Act, 1956, Shareholders can make nomination in respect of shares held by them in Physical form in the prescribed Form 2B (in duplicate).
9. The Company's Equity Shares are listed at The Bombay Stock Exchange Ltd. at 25th Floor, P. J. Towers, Dalal Street, Mumbai - 400 001 and Madras Stock Exchange Ltd. at Stock Exchange Building, 11, Second Line Beach, Chennai - 600 001 and upto date listing fees have been paid in time.
10. Members who are holding Shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the Share Certificates for consolidating their holding in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.
11. **MEMBERS ARE REQUESTED TO BRING THEIR COPY OF THE ANNUAL REPORT TO THE MEETING.**

THE COCHIN MALABAR ESTATES & INDUSTRIES LIMITED

Regd. Office : 21, Strand Road, Kolkata - 700 001

PROXY FORM

Folio No./DP ID & Client ID :

No. of Shares held :

I / We
of
..... being a member / members of The Cochin Malabar
Estates & Industries Limited, hereby appoint
of
or failing him
or as my / our proxy
to attend and vote for me / us on my / our behalf at the 81st Annual General Meeting of the Company to be held at Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Wednesday, the 28th September, 2011 at 11.15 A.M. and at any adjournment thereof.

As witness my / our hand / hands this day of 2011

Signature.....

Affix ₹ 1/-
Revenue
Stamp

Note :

- 1. Please do not fail to put proper revenue stamp and your signature, when sending this form to the Company.
- 2. The Proxy must be returned so as to reach the Registered Office of the Company not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

THE COCHIN MALABAR ESTATES & INDUSTRIES LIMITED

Regd. Office : 21, Strand Road, Kolkata - 700 001

ATTENDANCE SLIP

Folio No./DP ID & Client ID :

No. of Shares held :

I/We hereby record my/our presence at the 81st Annual General Meeting of the Company to be held at Shripati Singhanian Hall, Rotary Sadan, 94/2, Chowringhee Road, Kolkata - 700 020 on Wednesday, the 28th September, 2011 at 11.15 A.M.

Name of the Shareholder
(in Block Letters)

Signature of the Shareholder

Name of Proxy
(in Block Letters)

Signature of the Proxy

You are requested to sign and hand over this at the entrance to the Meeting Venue.