

# **STEL Holdings Limited**

**(Formerly known as "Sentinel Tea and Exports Limited")**

**ANNUAL REPORT 2010-2011**

**Board of Directors**

Sanjiv Goenka (Chairman)  
Anant Vardhan Goenka  
P.K. Chowdhary  
Umang Kanoria  
Sunil Bhandari

**Company Secretary**

Annie Jacob

**Manager**

Abraham Itty Ipe

**Registered Office**

24/1624, Bristow Road  
Willingdon Island  
Cochin-682 003  
Ph: 0484 6624323  
E-mail : enquiry@stelholdings.com  
Website : www.stelholdings.com

**Auditors**

G. Joseph & Associates  
Chartered Accountants  
37/2036-A2 Muttathil Lane  
Kadavanthara  
Cochin - 682020

**Bankers**

State Bank of India  
HDFC Bank Ltd

**Registrars & Share Transfer Agents**

Link Intime India Pvt. Ltd.  
Surya, 35, Mayflower Avenue  
Behind Senthil Nagar  
Sowripalayam Road  
Coimbatore – 641 028  
Ph: 0422- 2314792  
E-mail: coimbatore@linkintime.co.in

## **NOTICE**

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held at 10.30 a.m. on Monday, the 26th September 2011 at Merchant Navy Officers' and Seamen's Association (MNC), No. 336, Bristow Road, Willingdon Island, Kochi- 682 003, to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Balance Sheet as at March 31, 2011, the Profit and Loss Account for the year ended on that date and the Report of the Directors and Auditors.
2. To appoint a Director in place of Mr. Umang Kanoria who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Mr. P.K. Chowdhary who retires by rotation and is eligible for reappointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

### **SPECIAL BUSINESS**

5. Appointment of Mr.Sunil Bhandari as Director

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

"RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr.Sunil Bhandari, who was appointed as an additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board

**Annie Jacob**

*Company Secretary*

11th August, 2011

#### **Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September 2011 to 26th September 2011 (both days inclusive).
4. Members are requested to notify immediately any change in address to the Company's Registrars and Share Transfer Agents M/s. Link Intime India Pvt. Ltd., Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore- 641028.

**Explanatory Statement  
Pursuant to Section 173 (2) of the Companies Act, 1956**

**Item No. 5**

The Composite Scheme of Arrangement ('the Scheme') between M/s Harrisons Malayalam Ltd. ('HML') and its wholly owned subsidiaries (including the Company) has become effective after obtaining all the necessary statutory approvals. Pursuant to the Scheme, the investment undertaking vesting with HML has been transferred to the Company.

As per the Listing requirements, the composition of the Board of Directors of the Company has to be in compliance with Clause 49 of the Listing Agreement. In order to comply with this, the Board at its meeting held on 18.01.2011 appointed Mr.Sunil Bhandari as additional Director pursuant to provisions of Section 260 of the Companies Act, 1956. In terms of the provisions of Section 260 of the Companies Act, 1956, Mr. Sunil Bhandari would hold office upto the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with deposit of Rs.500/- proposing candidature of Mr. Sunil Bhandari for the office of the Director of the Company under the provisions of Section 257 of the Companies Act, 1956.

Except Mr.Sunil Bhandari, no other Director is interested in the resolution.

The Board recommends Resolution No.5 set forth in the notice for your approval.

By Order of the Board

11th August, 2011

**Annie Jacob**  
*Company Secretary*

**Important Communication - Support Green Initiative**

The Ministry of Corporate Affairs, New Delhi ('MCA') has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by Companies vide its Circular No.17/2011 dated 21st April, 2011 and Circular No.18/2011 dated April 29, 2011 and clarified that the service of documents by a Company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications/documents including the Notice calling the Annual General Meeting, audited financial statements, directors' report, auditors' report etc. via electronic mode. In connection with the same, we request you to provide your latest/updated email address on which future communication/correspondence/documents can be sent to you.

Shareholders holding shares in demat mode, are requested to register their e-mail id with the concerned Depository Participant. The Shareholders holding shares in physical mode are requested to register their email id with Link Intime India Private Limited (Registrar and Share Transfer Agents of the Company) by sending a request letter duly signed by the first/sole shareholder.

We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the 21st Annual Report with the Audited Accounts of the Company for the year ended 31st March, 2011.

**1. Financial Results**

The income of the Company consisted of dividend income and, the net profit after tax was Rs.1,72,07,912.

|  | (Rs. Lacs) |
|--|------------|
| Profit before tax                              | 172.08     |
| Provision for taxation                         | -          |
| Profit after tax                               | 172.08     |
| Surplus brought forward from the previous year | 178.19     |
| Surplus carried to the balance sheet           | 350.27     |

**2. Dividend**

With a view to conserve the resources, your Directors have not recommended any dividend for the year under review.

**3. Scheme of Arrangement**

The Hon'ble High Court of Kerala vide its Order dated 28.07.2010 had approved the Composite Scheme of Arrangement between Harrison's Malayalam Limited (HML), Harrison's Malayalam Financial Services Limited (HMFSL), Harrison's Rubber Products Limited (HRPL) Harrison's Agro Products Limited (HAPL), Sentinel Tea and Exports Limited (STEL) and their respective shareholders and creditors under Sections 391 – 394 of the Companies Act, 1956. Consequently, the Investment Undertaking of HML was demerged into STEL on a going concern basis.

Pursuant to the Scheme, the authorized Share Capital of the Company was increased from Rs. 5,00,000/- to Rs. 18,50,00,000/- divided into 1,85,00,000 Equity Shares of Rs. 10 each. On the 3rd September 2010 the Board of Directors of the Company, issued and allotted 1,84,55,405 Equity Shares of Rs. 10/- each to the shareholders of HML whose names appeared in the Register of Members on the Record Date viz. 1st September, 2010 in the ratio of 1:1.

**4. Listing on Stock Exchanges**

The effect of the Scheme was given to in the 2009-10 accounts. Pursuant to the Scheme of Arrangement, as stated above the equity shares of the Company were issued and allotted to the equity shareholders of HML. The Securities and Exchange Board of India (SEBI) vide its letter dated 17th January, 2011 granted necessary relaxation under Rule 19(2)(b) of the Securities Contracts(Regulation) Rules, 1957, for the listing of equity shares of the Company. Trading in the shares of the Company commenced with effect from 9th February, 2011 in the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

**5. Change of Name of the Company**

With a view to reflect the new operations of the Company namely Investments, your consent was taken through postal ballot for the change of name and main business of the Company. Subsequently, the approval of the Registrar of Companies, Kerala was sought for change in name and main objects clause. The fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, Kerala & Lakshadweep and with effect from 29th July, 2011 the name of the Company was changed from "Sentinel Tea and Exports Limited" to "STEL Holdings Limited".

**6. Classification as a Core Investment Company - Systematic Investment**

The RBI has notified guidelines for Core Investment Companies (CIC) on 5th January, 2011 and the Company comes under the purview of these guidelines.

The Company has informed RBI that based on the notification dated 5th January, 2011 the Company fulfills the requirements of being classified as a (CIC-ND-SI). The Company is in the process of submitting the application for registration with RBI.

**7. Operations of the Company**

The main operation of the Company is that of an Investment Company. With all its investments in the RPG group of Companies, dividend income is the main source of income for the Company.

**8. Subsidiary Company**

A consolidated financial statement incorporating the operations of the Company and its subsidiary is annexed. As on 31st March 2011, the Company has one subsidiary, Doon Dooars Plantations Limited, the accounts of which shall be made available to the share holders of the Company seeking such information at any point of time.

**9. Fixed Deposits**

The Company has not accepted any deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed there under.

**10. Directors**

Mr. Umang Kanoria and Mr. P.K. Chowdhary retire in the forthcoming Annual General Meeting and being eligible offer themselves for reappointment.

**11. Company Secretary**

The Board appointed Ms. Annie Jacob as Company Secretary and Compliance Officer w.e.f 27th June, 2011.

**12. Statutory Disclosures**

(a) Conservation of energy and technology absorption:

The Company being an Investment Company, there are no particulars regarding conservation of energy and technology absorption, as required under Section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

(b) Foreign Exchange earnings and outgo

Total foreign exchange used : Nil

Total foreign exchange earned : Nil

**13. Particulars of Employees**

None of the employees are in receipt of a remuneration of Rs.5,00,000/- per month or Rs.60,00,000/- per annum. Hence, the provisions of sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, are not applicable to the Company.

**14. Directors Responsibility Statement**

Pursuant to Section 217(2A) of the Companies Act, 1956, the Board of Directors report that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there was no material departure from the accounting standards.
- Accounting policies have been selected and applied consistently and that the judgments and estimates made 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 such period.
- 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, and
- The annual accounts have been prepared on a going concern basis.

**15. Corporate Governance**

Pursuant to Clause 49 of the Listing Agreement entered with the Stock Exchanges, a report on Corporate Governance forms part of this Annual Report. The Company has obtained the certificate from Practising Company Secretary regarding compliance with the provisions relating to Corporate Governance as laid down in Clause 49 of the Listing Agreement. The same is appearing elsewhere in this Annual Report.

Declaration by the Director regarding affirmation for compliance with the Company's Code of Conduct is annexed to the Corporate Governance Report.

**16. Auditors**

M/s. George Joseph & Associates. Chartered Accountants, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The requisite certificate as per Section 224(1B) of the Companies Act, 1956 has been received by the Company. The Board recommends their re-appointment.

**17. Promoter Group**

Pursuant to the intimation from the Promoters, the names of the Promoters and entities constituting 'group' are disclosed in the Annual Report for the purpose of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

**18. Acknowledgements**

Your Directors wish to place on record, their appreciation for the contribution made and support provided to the Company by the shareholders, employees, auditors, share transfer agents and bankers, during the year under the report.

On behalf of the Board of Directors

Delhi  
11th August, 2011

**Sunil Bhandari**  
*Director*

**Umang Kanoria**  
*Director*

## REPORT ON CORPORATE GOVERNANCE

### 1. Philosophy on Code of Governance

The Company adopts the policy of transparency in all its transactions and therefore the standards of disclosures to the shareholders, employees, government and customers is of highest standard.

### 2. Board of Directors

The Board is composed of Non- executive and Independent Directors which is in conformity with Clause 49 of the Listing Agreement entered into with the stock Exchanges, in which the Company's shares are listed.

#### a. Composition of Board of Directors as on 31st March, 2011

| Name of the Director                          | No: of Outside Directorships* | Total No of Committee memberships in other Companies | Total No. of Committee Chairmanships in other Companies** | No. of shares held |
|---|-------------------------------|--|---|--------------------|
| Sanjiv Goenka<br>Non-Executive                | 11                            | 2  | 2   | 35000              |
| Anant V. Goenka<br>Non-Executive              | 3                             | -  | -   | 45000              |
| P.K. Chowdhary<br>Non-Executive & Independent | 8                             | 3  | -   | -                  |
| Umang Kanoria<br>Non-Executive & Independent  | 4                             | 3  | -   | -                  |
| Sunil Bhandari<br>Non-Executive & Independent | 12                            | -  | -   | -                  |

\* Excludes Directorships in Indian Pvt. Ltd. Companies, Foreign Companies and Alternate Directorships.

\*\* Represents memberships/Chairmanships of Audit Committee and Investor Grievance Committee.

#### b. Board Procedure

The Board of Directors meets at least once in a quarter to consider among other business, the quarterly performance of the Company and financial results. Nine Board Meetings were held during the financial year 2010-2011 on 19th April, 2010, 6th August, 2010, 19th August, 2010, 3rd September, 2010, 6th September, 2010, 17th September, 2010, 1st October, 2010, 18th November, 2010 and 18th January, 2011.

The attendance of each Director at the Board Meeting and the last AGM is as given below:

| Name of the Director  | Number of Board Meetings attended | Attendance at last AGM |
|-----------------------|-----------------------------------|------------------------|
| Mr. Sanjiv Goenka*    | 1                                 | -                      |
| Mr. Anant V Goenka*   | 1                                 | -                      |
| Mr. P.K. Chowdhary*   | 1                                 | -                      |
| Mr. Umang Kanoria*    | 1                                 | -                      |
| Mr. V. Venugopal**    | 7                                 | -                      |
| Mr. K.N. Mathew**     | 7                                 | -                      |
| Mr. P.N. Ravunni**    | 7                                 | -                      |
| Mr. Sunil Bhandari*** | -                                 | -                      |

\* Appointed w.e.f. 17th September, 2010.

\*\* Resigned w.e.f. 4th October, 2010.

\*\*\* Appointed w.e.f. 18th January, 2011.



**c. Code of Conduct**

The Board has laid down a Code of Conduct for all Board members of the Company which is posted on the website of the Company.

All Board members have affirmed the compliance with the Code of Conduct. A declaration to this effect signed by one of the Directors forms part of this Annual report.

**3. Committees of the Board**

**a. Audit Committee**

The shares of the Company got trading approval in BSE and NSE during the month of February, 2011. The Audit Committee which comprises of 3 Independent Directors was constituted on 26th April, 2011. The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. There were no Audit Committee meetings during the FY 2010-11. The Company Secretary acts as the Secretary to the Audit Committee.

**b. Investors' Grievance Committee**

The Investors' Grievance Committee oversees the redressal of Investors' complaints relating to share transfers/transmission, non-receipt of Annual reports etc. Since the Company's shares commenced trading only in the month of February, 2011, this committee was constituted on 26th April, 2011. This Committee comprises of 3 Independent Directors. The Company Secretary is the Compliance Officer of the Investors' Grievance Committee.

There were no pending investor complaints for the financial year ended 31st March, 2011.

**c. Share Transfer Committee**

The Board has delegated the powers relating to the approval of share transfers to a committee which includes the Manager and Company Secretary of the Company.

The Committee generally meets once in a fortnight. This Committee was constituted in the month of December, 2010, and has undergone certain changes in its constitution. Eight meetings were held during the financial year under review.

There were no pending share transfers pertaining to the financial year ended 31st March, 2011.

**4. Remuneration of Directors**

None of the Directors of the Company are in receipt of any payment towards sitting fees, salary.

**5. Annual General Meetings**

Location, date and time of the Annual General Meetings held in the last 3 years.

| Sl. No. | AGM  | Year | Date       | Time     | Location  |
|---------|------|------|------------|----------|---|
| 1       | 20th | 2010 | 30.12.2010 | 10.00 am | Durbar Hall, Casino Hotel, Willingdon, Island Cochin – 682 003. |
| 2       | 19th | 2009 | 29.09.2009 | 10.00 am | Registered Office, Cochin.                                      |
| 3       | 18th | 2008 | 30.09.2008 | 10.00 am |   |

All resolutions as set out in the respective notices were duly passed by the shareholders in the meeting.

**6. Disclosures**

There were no significant related party transactions during 2010-11 having conflict with the interest of the Company.

The Company has complied with the requirements of the Listing Agreement with the Stock Exchanges and the regulations and guidelines of SEBI. During the years 2008 & 2009, the Company was a 100% subsidiary of Harrisons Malayalam Limited. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authority on matters relating to capital markets during the last three years.

**Risk Management**

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

**Certificate from CEO/CFO**

Certificate from Mr. Abraham Itty Ipe, Manager in terms of Clause 49(V) of the Listing Agreement with the Stock Exchanges for the financial year ended 31st March, 2011 was placed before the Board of Directors of the Company at its meeting held on 11th August, 2011.

**7. Means of Communication**

The quarterly, half yearly and annual results are published in Business Standard (English) and Deshabhimani (Malayalam). These results are also displayed in the company's website [www.stelholdings.com](http://www.stelholdings.com)

**8. General Shareholders Information**

**a) Annual General meeting**

Date and time: 26th September, 2011 at 10.30 a.m.

Venue: Merchant Navy Officers' and Seamen's Association (MNC), No. 336, Bristow Road, Willingdon Island, Kochi - 682 003.

**b) Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting of the Company**

**Mr. Umang Kanoria**

Mr. Umang Kanoria (BSc. Hons, AICWA) is the Chairman and Managing Director of Kanco Enterprises Ltd., Kolkata. He is the Executive Committee Member of Tea Association of India and held the position as the President of the Indian Chamber of Commerce, Kolkata.

He is also a Director in the following Companies:-

1. Harrisons Malayalam Limited, Cochin
2. Kanco Tea and Industries Limited
3. Spencer & Co., Limited, Chennai

**Mr. P.K. Chowdhary**

Mr. Paras Kumar Chowdhary (BSc. Hons, Physics) has rich and varied experience in the tyre industry and is currently the Managing Director of Ceat Ltd.

He is also a Director in the following Companies:-

1. Harrisons Malayalam Limited, Cochin
2. Summit Securities Limited, Mumbai
3. Philips Carbon Black Limited, Kolkata
4. Rado Tyres Limited, Cochin
5. Sea Princess CHS Limited, Navi Mumbai
6. Spencer International Hotels Limited, Chennai
7. Associated Ceat(P) Limited, Colombo
8. ACT Company(P) Limited, Colombo
9. Associates Ceat Holdings Co.(P) Limited, Colombo
10. Ceat Kelani Associated Holdings(P) Limited, Colombo
11. Ceat Kelani International(P) Limited, Colombo
12. Associated Ceat Kelani Radials(P) Limited, Colombo

**c. Financial Calender (Tentative)**

|                                      |                              |
|--------------------------------------|------------------------------|
| Quarter ending June 30, 2011         | Second week of August 2011   |
| Quarter ending September 30, 2011    | Second week of November 2011 |
| Quarter ending December 31, 2011     | Second week of February 2012 |
| Year ending March 31, 2011 (Audited) | Fourth week of May 2012      |

**d. Date of Book Closure**

16th September, 2011 – 26th September, 2011 (both days inclusive)

**e. Details of Stock Exchanges where listed**

## STEL Holdings Limited (Formerly Known as "Sentinel Tea and Exports Limited")

- Bombay Stock Exchange Ltd. (BSE)
- National Stock Exchange of India Ltd. (NSE)

### f. Market Price Data

The shares of the Company started trading in the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE) with effect from 9th February, 2011. The details of the share prices, since then, are as follows:

| Year 2010-11 | BSE       |          | NSE       |          | Volume |        |
|--------------|-----------|----------|-----------|----------|--------|--------|
|              | High(Rs.) | Low(Rs.) | High(Rs.) | Low(Rs.) | BSE    | NSE    |
| February     | 33.2      | 14.3     | 33.2      | 13.9     | 465431 | 255172 |
| March        | 17.1      | 13.9     | 17.0      | 14.0     | 290485 | 352745 |

### g. Shareholding Pattern as on 31st March, 2011.

| Category  | Shares Held (Nos) | % of Holding  |
|---|-------------------|---------------|
| Promoter's Holding (Indian and Foreign)                       | 9284005           | 50.31         |
| Mutual Funds  | 7160              | 0.04          |
| Banks, financial Institutions, Insurance Companies and others | 41468             | 0.22          |
| Corporate Bodies, Indian public and NRI's                     | 9122772           | 49.43         |
| <b>Total</b>  | <b>18455405</b>   | <b>100.00</b> |

### h. Distribution of Shareholding as on 31st March, 2011.

| Range        | No: of Shareholders | No: of Shares held | % of shareholding |
|--------------|---------------------|--------------------|-------------------|
| 1-500        | 31338               | 3624398            | 19.63             |
| 501-1000     | 1110                | 866971             | 4.69              |
| 1001-2000    | 505                 | 754865             | 4.09              |
| 2001-3000    | 133                 | 341481             | 1.86              |
| 3001-4000    | 72                  | 257189             | 1.40              |
| 4001-5000    | 67                  | 320371             | 1.74              |
| 5001-10000   | 95                  | 675269             | 3.66              |
| 10001- above | 89                  | 11614861           | 62.93             |
| <b>Total</b> | <b>33409</b>        | <b>18455405</b>    | <b>100.00</b>     |

### i. Share Transfer Process

Share transfer in physical form is normally effected within a period of thirty days from the date of receipt of documents complete in all respect. All share transfers are approved by the Share Transfer Committee which meets at least once in a fortnight. Request for dematerialization of shares are processed and confirmed to the respective depositories within 15 days.

### j. Dematerialisation of Shares

The Company has entered into a tripartite agreement with the National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) to provide trading of shares in dematerialized form. International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE577L01016. As on 31st March, 2011, 1,24,19,202 shares of the company, constituting 67.7 % were in dematerialized form.

### k. Appointment of Share Transfer Agents

M/s Link Intime India Pvt. Ltd., Coimbatore have been appointed as Registrars and Share Transfer Agents of the Company with effect from 31st August, 2010 for both physical and electronic segments.

**I. Outstanding GDRs/ADRs/Warrants or any convertible instruments**

Not applicable

**m. Address for correspondence**

**Registered Office**

STEL Holdings Limited  
(Formerly known as "Sentinel Tea and Exports Limited")  
24/1624, Bristow Road  
Cochin - 682 003  
Phone No : 0484 6624323  
Email : enquiry@stelholdings.com

**Registrars and Share Transfer Agents**

Link Intime Pvt. Ltd.  
Surya, 35, Mayflower Avenue  
Behind Senthil Nagar  
Sowripalayam Road  
Coimbatore - 641 028  
Phone No : 0422- 2314792  
Email: coimbatore@linkintime.co.in

**DECLARATION-CODE OF CONDUCT**

The Board of Directors of the Company has adopted a Code of Conduct with effect from 26th April, 2011. From thereon, all members of the Board of Directors affirm compliance with the Code of Conduct as laid down.

For STEL HOLDINGS LIMITED

**Sunil Bhandari**  
Director

11th August, 2011

**PRACTICING COMPANY SECRETARY'S CERTIFICATE**

To

**The Members**

**STEL Holdings Limited**

We have examined the compliance of the conditions of Corporate Governance by STEL Holdings Limited ("the Company"), for the year ended 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For SVJS & Associates  
Company Secretaries

**CS Sivakumar P. (FCS 3050)**  
Managing Partner  
CP No: 2210

Kochi  
11th August, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS

### Background

In the financial year 2010-11, the Company witnessed significant changes. The Company ceased its initial business of export of tea and by virtue of the order of the Hon'ble High Court of Kerala dated 28th July, 2011, the investment undertaking of Harrisons Malayalam Limited was demerged to the Company. The share capital of the Company was increased and the Company became a listed entity in the Bombay Stock Exchange and the National Stock Exchange. Thereafter, due procedural formalities were done to change the main objects and name of the Company. With effect from 29th July, 2011, the name of the Company was changed to STEL Holdings Limited and the main object was changed to undertake the business of investments.

### Nature of Business

The main business of the Company is investment in the shares of its group companies.

### Opportunities, Threats and Outlook

Since the Company is in the business of investing in the shares of the Group, it aims in conserving the investments and strive towards better income generation. The performance of the Company is dependent on the performance of the group companies and the dividends declared by them. The Company is looking forward towards better profits and excellence in the group Companies. This will enable the Company to expand its investment portfolio in the future.

### Internal Control Systems and their Adequacy

Your Company has an effective system of accounting and administrative control with proper and adequate system of internal checks that ensures safe and proper recording of all assets of the Company and their proper and authorized utilization.

### Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives and expectations are "forward looking statements" within the meaning of applicable securities laws and regulations. As "forward looking statements" are based on certain assumptions and expectations of future events over which the Company exercise no control, the Company cannot guarantee their accuracy nor can it warrant that the same will be realized by the Company.

Persons constituting group coming within the definition of "group" for the purpose of Regulation 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 include the following:

|   |                                    |   |                                     |
|---|------------------------------------|---|-------------------------------------|
| Accurate Commodore Private Limited            | Goodhope Sales Private Limited     | Prism Estates Trust                           | Stylefile Events Limited            |
| Adapt Investments Limited                     | Goodluck Dealcom Private Limited   | Puffin Investments Limited                    | Summit Securities Ltd.              |
| Adorn Investments Limited                     | Haldia Energy Limited              | Rainbow Investments Limited                   | Swallow Associates Ltd.             |
| Alipore Towers Private Limited                | Harrisons Malayalam Ltd.           | Ritushree Vanijya Private Limited             | Tirumala Dealtrade Private Limited  |
| Allwin Apartments LLP                         | Highway Apartments Private Limited | RPG Cellular Investments & Holdings Pvt. Ltd. | Trade Apartments Limited            |
| Amber Apartments Pvt. Ltd.                    | Horizon Master Trust               | RPG Enterprises Limited                       | Ujala Agency Private Limited        |
| Atlantic Holdings Limited                     | Idea Tracom Private Limited        | RPG Industries Pvt. Ltd.                      | Universal Industrial Fund Limited   |
| B N Elias & Company Pvt. Ltd.                 | Indent Investments Pvt. Ltd.       | RPG Infrastructure Investment Private Limited | Vayu Udaan Aircraft Private Limited |
| Best Apartments Private Limited               | Instant Holdings Limited           | RPG Life Sciences Ltd.                        | Wonder Land Limited                 |
| Blue Niles Holdings Ltd.                      | Integrated Coal Mining Limited     | SAREGAMA India Limited                        | Zensar Technologies Ltd.            |
| Brabourne Investments Limited                 | KEC International Ltd.             | Secura India Trust                            | Sri Rama Prasad Goenka              |
| Carnival Investments Ltd.                     | Kestrel Investments Ltd.           | Sentinel Tea & Exports Limited                | Smt. Sushila Goenka                 |
| CEAT Limited                                  | Kutub Properties Pvt. Ltd.         | Shaft Investments Private Limited             | Sri. Harsh Vardhan Goenka           |
| CESC Limited                                  | Malabar Coastal Holdings Limited   | Shri Krishna Chaitanya Trading Co. Pvt. Ltd.  | Smt. Mala Goenka                    |
| Chattarpati Investments Limited               | Monitor Portfolio Trust            | Solty Commercial Private Limited              | Sri. Sanjiv Goenka                  |
| Crescent Power Limited                        | Noida Power Company Limited        | South Asia Electricity Holdings Ltd.          | Smt. Preeti Goenka                  |
| Crystal India Tech Trust                      | Nucleus Life Trust                 | Spencer & Co. Ltd.                            | Sri. Anant Vardhan Goenka           |
| Dakshin Bharat Petrochem Private Ltd.         | OffShore India Limited             | Spencer International Hotels Ltd.             | Smt. Radha Goenka                   |
| Doon Dooars Plantations Limited               | Organised Investments Ltd.         | Spencer's Travel Services Ltd.                | Sri. Shashwat Goenka                |
| Dotex Mercandise Private Limited              | Pedriano Investments Limited       | Spencer's Retail Limited                      | Rama Prasad Goenka & Sons (HUF)     |
| Eastern Aviation & Industries Private Limited | Peregrine Enterprises Limited      | Spotboy Tracom Private Limited                | Harsh Anant Goenka (HUF)            |
| Ektara Enterprises Private Limited            | Petrochem International Ltd.       | Sri Parvathi Suthan Trading Co. LLP           | Sanjiv Goenka & Others (HUF)        |
| FGP Limited                                   | Phillips Carbon Black Limited      | Stellar Energy Trust                          | Anant Vardhan Goenka (HUF)          |

## AUDITORS' REPORT

### To the Members of Sentinel Tea and Exports Limited

We have audited the attached Balance Sheet of M/s. Sentinel Tea & Exports Limited ("the Company") as at March 31, 2011 and the Profit & Loss Account and Cash Flow Statement of the Company 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 have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

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

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- iv. In our opinion, The Balance Sheet, 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.
- v. On the basis of written representation received from the directors, as on March 31, 2011 and taken on record by the Board of directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956; and
- vi. In our opinion and to the best of our information, and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
  - b) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn No. 006310S

**Reuben Joseph**  
Partner  
Membership No. 216884

Kolkata,  
May 30, 2011.

**ANNEXURE TO THE AUDITORS' REPORT**

Statement referred to in our report of even date to the members of Sentinel Tea & Exports Limited on the accounts for the year ended March 31, 2011.

- (i) a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As per the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- c) The Company has not disposed off substantial part of its fixed assets during the year.
- (ii) The Company does not have any inventories. Therefore, the provisions of clauses (ii)(a) to (ii)(c) of paragraph 4 of the said Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, firms, or other parties, covered in the register maintained under section 301 of the Act. Clauses (iii)(b) to (iii)(d) of paragraph 4 of the said Order are not applicable to the Company.  
The Company has not taken any loans, secured or unsecured from Companies, firms, or other parties, covered in the register maintained under section 301 of the Act. Clauses (iii)(f) to (iii)(g) of paragraph 4 of the said Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weaknesses have been noticed in the internal controls.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts and arrangements referred to in section 301 of the Companies Act, 1956 during the year that need to be entered in the register maintained under that section. Accordingly, Clause (v) (b) of the paragraph 4 of the Order is not applicable to the Company for the current year.
- (vi) The Company has not accepted any deposit from public within the meaning of section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 framed thereunder.
- (vii) In our opinion, the Company's internal audit system is commensurate with its size and nature of its activities.
- (viii) The provisions regarding maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the Company.
- (ix) a) According to the information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, applicable to it. There are no undisputed amounts outstanding for a period of more than six months on the last day of the financial year, *except for fringe benefit tax aggregating to Rs. 28,560.*
- b) *As per the information given to us, the following statutory dues have not been deposited on account of disputes:-*

| <i>Name of statute</i> | <i>Nature of dues</i> | <i>Amount (Rs)</i> | <i>Period to which the amount relates</i> | <i>Forum where the dispute is pending</i> |
|------------------------|-----------------------|--------------------|---|---|
| Income Tax Act, 1961   | Income Tax            | 8,680              | A.Y. 1999 - 2000                          | Assessing Authority                       |

- (x) The Company has no accumulated losses. The Company has not incurred cash losses during the financial year and in the immediately preceding financial year.
- (xi) As per the information and explanations given to us, the Company has not defaulted in repayment of dues to banks, financial institutions or debentures holders.

- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit Fund or Nidhi or Mutual Fund Society are not applicable to the Company.
- (xiv) In our opinion and according to the explanations given to us, the Company is not a dealer or trader in securities.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a company from banks by pledging investments costing Rs. 353,811,639/- and we are of the opinion that the guarantee given is not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the Company has not obtained any term loans.
- (xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
- (xix) In our opinion, the Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.

**For G. Joseph & Associates**

Chartered Accountants  
Firm Regn. No. 006310S

**Reuben Joseph**

Partner  
Membership No. 216884

Kolkata,  
May 30, 2011.



**BALANCE SHEET AS AT MARCH 31, 2011**

|  | Schedule | As at<br>March 31, 2011<br>(Rs.) | As at<br>March 31, 2010<br>(Rs.) |
|--|----------|----------------------------------|----------------------------------|
| <b>SOURCES OF FUNDS</b>                                      |          |                                  |                                  |
| <b>Shareholders' Funds</b>                                   |          |                                  |                                  |
| Share Capital  | 1        | 184,554,050                      | 184,554,050                      |
| Reserves & Surplus   | 2        | 927,206,884                      | 909,998,972                      |
| <b>Loan Funds</b>  |          |                                  |                                  |
| Unsecured Loans  |          | 40,000                           | 40,000                           |
|  |          | <b>1,111,800,934</b>             | <b>1,094,593,022</b>             |
| <b>APPLICATIONS OF FUNDS</b>                                 |          |                                  |                                  |
| <b>Fixed Assets</b>  |          |                                  |                                  |
| Gross Block  | 3        | 9,421,059                        | 9,421,059                        |
| <b>Less: Depreciation</b>                                    |          | 1,104,166                        | 653,790                          |
| Net Block  |          | 8,316,893                        | 8,767,269                        |
| <b>Investments</b>   | 4        | 1,051,463,078                    | 1,051,463,078                    |
| <b>Current Assets, Loans &amp; Advances</b>                  |          |                                  |                                  |
| Balance with Scheduled Banks in Current Account              |          | 1,120,446                        | 2,047,865                        |
| Loans & Advances   | 5        | 54,328,039                       | 32,563,349                       |
|  |          | 55,448,485                       | 34,611,214                       |
| <b>Less : Current Liabilities &amp; Provisions</b>           |          |                                  |                                  |
| Current Liabilities  | 6        | 3,398,962                        | 219,979                          |
| Provisions   |          | 28,560                           | 28,560                           |
|  |          | 3,427,522                        | 248,539                          |
| <b>Net Current Assets</b>                                    |          | 52,020,963                       | 34,362,675                       |
|  |          | <b>1,111,800,934</b>             | <b>1,094,593,022</b>             |
| <b>Significant Accounting Policies and Notes to Accounts</b> | 8        |                                  |                                  |

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet

As per our report of even date

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 0063105

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

**Reuben Joseph**  
*Partner*  
M. No. 216884

**Sunil Bhandari**  
*Director*

**Umang Kanoria**  
*Director*

**Abraham Itty Ipe**  
*Manager*

Kolkata  
May 30, 2011.

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

|   | Schedule | For the year ended<br>March 31, 2011<br>(Rs.) | For the year ended<br>March 31, 2010<br>(Rs.) |
|---|----------|---|---|
| <b>INCOME</b>   |          |   |   |
| Income from Investments   |          | 22,272,513                                    | 14,852,220                                    |
| Interest on Fixed deposit [Includes tax deducted at source -<br>Rs.19,498 (2010 - Rs. Nil)] |          | 194,979                                       | -   |
| Other Income  |          | 55,419  | 120,462                                       |
|   |          | <b>22,522,911</b>                             | <b>14,972,682</b>                             |
| <b>EXPENDITURE</b>  |          |   |   |
| Administration, Selling and Other Expenses  | 7        | 4,864,623                                     | 286,892                                       |
| Depreciation  |          | 450,376                                       | 407,011                                       |
|   |          | <b>5,314,999</b>                              | <b>693,903</b>                                |
| <b>Profit Before Tax</b>  |          | 17,207,912                                    | 14,278,779                                    |
| Provision for Tax   |          | -   | -   |
| <b>Profit After Tax</b>   |          | 17,207,912                                    | 14,278,779                                    |
| Balance Brought Forward from Previous Year  |          | <b>17,819,046</b>                             | 3,540,267                                     |
| <b>Surplus Carried to Balance Sheet</b>   |          | <b>35,026,958</b>                             | <b>17,819,046</b>                             |
| <b>Earnings Per Share (Equity Shares, Face Value Rs. 10/- each)</b>                         |          |   |   |
| Earnings attributable to equity shareholders  |          | 17,207,912                                    | 14,278,779                                    |
| Weighted average number of equity shares (basic & diluted)                                  |          | <b>18,455,405</b>                             | 18,455,405                                    |
| <b>Basic &amp; Diluted Earnings Per Share</b>   |          | 0.93  | 0.77  |

**Significant Accounting Policies and Notes to Accounts**

8

The schedules referred to above and the notes to accounts form an integral part of the Profit & Loss Account

As per our report of even date

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

**Reuben Joseph**  
*Partner*  
M. No. 216884  
  
Kolkata  
May 30, 2011.

**Sunil Bhandari**  
*Director*

**Umang Kanoria**  
*Director*

**Abraham Itty Ipe**  
*Manager*

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

|   | For the year ended<br>March 31, 2011<br>(Rs.) | For the year ended<br>March 31, 2010<br>(Rs.) |
|---|---|---|
| <b>Cash Flow From Operating Activities</b>                      |   |   |
| <b>Net Profit Before Tax</b>                                    | <b>17,207,912</b>                             | <b>14,278,779</b>                             |
| Adjustments for:  |   |   |
| Depreciation  | 450,376                                       | 407,011                                       |
| Income from Investments   | (22,272,513)                                  | (14,852,220)                                  |
| Interest on Fixed deposit                                       | (194,979)                                     | -   |
| <b>Operating Profit before Working Capital Changes</b>          | <b>(4,809,204)</b>                            | <b>(166,430)</b>                              |
| Movement in Working Capital:                                    |   |   |
| (Increase) / Decrease in Trade and Other Receivables            | (21,745,192)                                  | (14,057,387)                                  |
| Increase / (Decrease) in Trade Payables                         | 3,178,984                                     | (147,296)                                     |
| <b>Cash Generated from Operations</b>                           | <b>(23,375,412)</b>                           | <b>(14,371,113)</b>                           |
| Income Tax Paid   | -   | -   |
| <b>Net Cash from Operating Activities</b>                       | <b>(23,375,412)</b>                           | <b>(14,371,113)</b>                           |
| <b>Cash Flow From Investing Activities</b>                      |   |   |
| Bank balances taken over on acquisition of undertaking          | -   | 545,569                                       |
| Interest received   | 175,481                                       | -   |
| Dividend received   | 22,272,512                                    | 14,852,220                                    |
| <b>Net Cash from Investing Activities</b>                       | <b>22,447,993</b>                             | <b>15,397,789</b>                             |
| <b>Cash Flow From Financing Activities</b>                      |   |   |
| <b>Net Cash from Financing Activities</b>                       | <b>-</b>                                      | <b>-</b>                                      |
| Net Increase/(Decrease) in Cash & Cash Equivalents              | <b>(927,419)</b>                              | <b>1,026,676</b>                              |
| <b>Cash &amp; Cash Equivalents at the beginning of the year</b> | <b>2,047,865</b>                              | <b>1,021,189</b>                              |
| <b>Cash &amp; Cash Equivalents at the close of the year</b>     | <b>1,120,446</b>                              | <b>2,047,865</b>                              |
| Components of Cash & Cash Equivalents as at                     | <b>March 31, 2011</b>                         | <b>March 31, 2010</b>                         |
| Balance with Scheduled Banks on Current Account                 | 1,120,446                                     | 2,047,865                                     |
|   | <b>1,120,446</b>                              | <b>2,047,865</b>                              |

As per our report of even date

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 0063105

**Reuben Joseph**  
*Partner*  
M. No. 216884  
  
Kolkata  
May 30, 2011.

**Sunil Bhandari**  
*Director*

**Umang Kanoria**  
*Director*

**Abraham Itty Ipe**  
*Manager*

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

| <b>Schedule 1</b>  | <b>As at<br/>March 31, 2011</b> | <b>As at<br/>March 31, 2010</b> |
|--|---------------------------------|---------------------------------|
|  | (Rs.)                           | (Rs.)                           |
| <b>Share Capital</b>   |                                 |                                 |
| <b>Authorised</b>  |                                 |                                 |
| 18,500,000 (2010 - 18,500,000) Equity shares of Rs 10/- each   | <b>185,000,000</b>              | 185,000,000                     |
| <b>Issued, Subscribed and Paid Up</b>  |                                 |                                 |
| 18,455,405 (2010 - 18,455,405) Equity shares of Rs 10/- each   | <b>184,554,050</b>              | 184,554,050                     |
| (Of the above, 18,455,405 shares are allotted as fully paid-up pursuant to a scheme of amalgamation without payments being received in cash) |                                 |                                 |

### Schedule 2

#### Reserves & Surplus

|                       |                    |             |
|-----------------------|--------------------|-------------|
| Capital Reserve       | 500,000            | 500,000     |
| Securities Premium    | 887,379,926        | 887,379,926 |
| General Reserve       | 4,300,000          | 4,300,000   |
| Profit & Loss Account | 35,026,958         | 17,819,046  |
|                       | <b>927,206,884</b> | 909,998,972 |

### Schedule 3

#### Fixed Assets

(Rs.)

| Description of Assets | Gross Block       |           |            | Depreciation       |                  |                   |                   | Net Block          |                    |
|-----------------------|-------------------|-----------|------------|--------------------|------------------|-------------------|-------------------|--------------------|--------------------|
|                       | As on<br>1.4.2010 | Additions | Deductions | As on<br>31.3.2011 | Upto<br>1.4 2010 | For the<br>period | Upto<br>31.3.2011 | As on<br>31.3.2011 | As on<br>31.3.2010 |
| Building              | 9,017,669         |           | -          | 9,017,669          | 385,226          | 431,622           | 816,848           | 8,200,821          | 8,632,443          |
| Plant & Machinery     | 403,390           | -         | -          | 403,390            | 268,564          | 18,754            | 287,318           | 116,072            | 134,826            |
| <b>Total</b>          | <b>9,421,059</b>  | <b>-</b>  | <b>-</b>   | <b>9,421,059</b>   | <b>653,790</b>   | <b>450,376</b>    | <b>1,104,166</b>  | <b>8,316,893</b>   | <b>8,767,269</b>   |
| Previous Year         | 403,390           | 9,017,669 | -          | 9,421,059          | 246,779          | 407,011           | 653,790           | 8,767,269          | 156,611            |

**Schedule 4**

| Investments (At Cost)   | As at March 31, 2011 |                |                      | As at March 31, 2010 |                      |
|---|----------------------|----------------|----------------------|----------------------|----------------------|
|   | Face Value (Rs.)     | Holdings (Nos) | Amount (Rs.)         | Holdings (Nos)       | Amount (Rs.)         |
| <b>A. LONG TERM</b>   |                      |                |                      |                      |                      |
| <b>Quoted Equity Shares, fully paid-up</b>                                    |                      |                |                      |                      |                      |
| Ceat Ltd.   | 10                   | 1,372,935      | 51,004,610           | 1,372,935            | 51,004,610           |
| Phillips Carbon Black Ltd.  | 10                   | 90,383         | 3,253,788            | 90,383               | 3,253,788            |
| KEC International Ltd.  | 2*                   | 4,675,630      | 147,340,257          | 935,126              | 147,340,257          |
| CESC Ltd. **  | 10                   | 2,495,570      | 543,332,561          | 2,493,495            | 543,332,561          |
| CFL Capital Financial Services Ltd.   | 10                   | 47,664,340     | 81,506,021           | 47,664,340           | 81,506,021           |
| RPG Life Sciences Ltd.  | 8                    | 502,550        | 12,287,348           | 502,550              | 12,287,348           |
| Summit Securities Ltd.  | 10                   | 69,815         | 6,393,315            | 69,815               | 6,393,315            |
| SAREGAMA (India) Ltd.   | 10                   | 160            | 8,184                | 160                  | 8,184                |
| <b>Sub-Total : Quoted Investments</b>   |                      |                | <b>845,126,084</b>   |                      | <b>845,126,084</b>   |
| <b>Un Quoted Equity Shares, fully paid-up</b>                                 |                      |                |                      |                      |                      |
| Spencer & Company Ltd.  | 10                   | 1,199,764      | 59,988,200           | 1,199,764            | 59,988,200           |
| Doon Dooars Plantations Ltd.  | 10                   | 170,000        | 863,000              | 170,000              | 863,000              |
| Cochin International Airport Limited  | 10                   | 500            | 2,500                | 500                  | 2,500                |
| Organised Investments Ltd.  | 10                   | 470,000        | 1                    | 470,000              | 1                    |
| Universal Industrial Fund Ltd.  | 10                   | 8,198,173      | 55,926,448           | 8,198,173            | 55,926,448           |
| RPG Cellular Investments and Holdings (P) Ltd.                                | 10                   | 2,420,936      | 33,844,685           | 2,420,936            | 33,844,685           |
| <b>Redeemable Non-Cumulative Preference Shares, fully paid-up</b>             |                      |                |                      |                      |                      |
| Universal Industrial Fund Ltd.  | 12.50%               | 100            | 63,000               | 63,000               | 6,300,000            |
| RPG Cellular Investments and Holdings (P) Ltd.                                | 15.50%               | 100            | 111,962              | 111,962              | 11,196,200           |
| <b>Zero percent interest Fully Convertible Debentures, fully paid-up</b>      |                      |                |                      |                      |                      |
| Off -Shore India Ltd  | 100                  | 374,450        | 37,445,000           | 374,450              | 37,445,000           |
| <b>Equity Shares in Srilankan Companies, fully paid-up (face value - LKR)</b> |                      |                |                      |                      |                      |
| Creasy Plantations Management Ltd.  | 10                   | 60,000         | 385,480              | 60,000               | 385,480              |
| Lankem Plantations Services Ltd.  | 10                   | 60,000         | 385,480              | 60,000               | 385,480              |
| <b>Sub-Total : Un-Quoted Investments</b>                                      |                      |                | <b>206,336,994</b>   |                      | <b>206,336,994</b>   |
| <b>Total of Investments</b>   |                      |                | <b>1,051,463,078</b> |                      | <b>1,051,463,078</b> |
| Notes:  |                      |                |                      |                      |                      |
| 1. Market value of quoted investments ***                                     |                      |                | 1,470,898,812        |                      | 1,899,875,861        |
| 2. Book value of quoted investments   |                      |                | 845,126,084          |                      | 845,126,084          |
| 3. Book value of un-quoted investments  |                      |                | 206,336,994          |                      | 206,336,994          |

\* Each equity share of KEC International Ltd. with face value of Rs. 10/- per share were split into 5 equity shares with face value of Rs. 2/- per share.

\*\* Of the above shares 1,623,734 (2010 - 1,623,734) shares are pledged with IDBI Trusteeship Services Limited & for 841,784 (2010 - 841,784) shares, undertaking for non-disposal has been given to ICICI Bank Ltd. (Lender of CESC Ltd.).

\*\*\* Market value of quoted investments for 2010 does not include the market value of the shares of Summit Securities Ltd. which was listed during 2010 - 11.

**Schedule 5**

**Loans and Advances** (Unsecured, considered good)

|  | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
|--|-------------------------|-------------------------|
|  | (Rs.)                   | (Rs.)                   |
| Advance to M/s. Universal Industrial Fund Ltd., for purchase of shares               | 42,110,756              | 20,000,000              |
| Advances recoverable in cash or kind or for value to be received                     | 12,005,000              | 12,370,564              |
| Prepaid taxes (Net of provisions)  | 169,383                 | 149,885                 |
| Deposits (Includes Rs 15,000 pledged with Government Authorities (2010 - Rs 15,000)) | 42,900                  | 42,900                  |
|  | <b>54,328,039</b>       | <b>32,563,349</b>       |

**Schedule 6**

**Current Liabilities & Provisions**

|  | (Rs.)            | (Rs.)          |
|--|------------------|----------------|
| Sundry Creditors                       | 3,225,437        | 194,044        |
| Other Liabilities (Refer Note 3 below) | 173,525          | 25,935         |
|  | <b>3,398,962</b> | <b>219,979</b> |
| <b>Provisions</b>                      |                  |                |
| Provision for Fringe Benefit Tax       | 28,560           | 28,560         |
| Provision for Income Tax               | -                | -              |
|  | <b>28,560</b>    | <b>28,560</b>  |

Notes:

1. No case of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993" has come to the notice of the company. Dues to Small Scale Industrial Undertakings included in Sundry Creditors Rs. Nil (2010 - Rs. Nil).
2. There are no dues to Small Scale Industrial Undertakings to whom amounts are outstanding for more than 30 days (2010 - Rs. Nil).
3. There is no amount due and outstanding as at the Balance Sheet date to be credited to the Investor Education and Protection Fund. (2010 - Rs. Nil).
4. The Company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.

**Schedule 7**

**Administration, Selling and Other Expenses**

|                              | For the year ended<br>March 31, 2011 | For the year ended<br>March 31, 2010 |
|------------------------------|--------------------------------------|--------------------------------------|
|                              | (Rs.)                                | (Rs.)                                |
| Legal & Professional Charges | 1,008,796                            | 109,320                              |
| Advertisement Expense        | 921,521                              | -                                    |
| Rates & Taxes                | 1,074,635                            | 13,750                               |
| Bank Charges                 | 8,330                                | 419                                  |
| Auditors' Remuneration       | 226,930                              | 157,210                              |
| Printing and Stationery      | 715,593                              | -                                    |
| Salaries & Allowances        | 49,597                               | -                                    |
| Miscellaneous Expenses       | 80,001                               | -                                    |
| Postage and telephone        | 329,589                              | -                                    |
| Filing Fee                   | 449,631                              | 6,193                                |
|                              | <b>4,864,623</b>                     | <b>286,892</b>                       |

**Schedule 8**

**Significant Accounting Policies and Notes on Accounts  
for the year ended March 31, 2011**

**1. Significant Accounting Policies**

**1.1 Basis of preparation**

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by Sentinel Tea and Exports Limited ('the Company') and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous period.

**1.2 Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**1.3 Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

**1.4 Depreciation**

Depreciation is provided on Written Down Value method at the rate specified in Schedule XIV of the Companies Act, 1956.

**1.5 Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**1.6 Investments**

Long Term investments are stated at cost and provision for diminution is made, if the decline in value is other than temporary in nature as required under AS 13. Pre-acquisition dividends received are reduced from the cost of investments.

**1.7 Revenue recognition**

Dividends from companies are accounted as income in the year in which they are declared. Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

**1.8 Foreign Currency Transactions**

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the contracted / year end exchange rates. The exchange differences arising on payments / realizations and from the year end restatement referred to above are recognized as income or expense in the profit and loss account. In respect of forward contracts, the difference between the forward rate and exchange rate at the inception of the foreign exchange contract is recognized as income or expense over the period of the contract.

**1.9 Earnings per share**

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

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

**1.10 Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**1.11 Taxes on Income**

Provision for current tax is made based on the liabilities computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for the timing differences arising between the taxable income and accounting income computed at the rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only if there is a reasonable / virtual certainty that they will be realized in the foreseeable future and are reviewed for appropriateness of their respective carrying values at each balance sheet date.

**2. Notes to Accounts:**

**2.1 Contingent Liabilities**

2.1.1 Disputed income tax dues relating to AY 1999 – 00 amounting to Rs. 8,680 for which a rectification application is still pending before the assessing authority.

2.1.2 1,623,734 (2010 - 1,623,734) shares of CESC Ltd., having a cost of Rs. 353,811,639/- (2010 - Rs. 353,811,639/-) is pledged with IDBI Trusteeship Services Limited as a borrowing arrangement of CESC Ltd.

**2.2 Auditors' Remuneration**

|                                     |                |                |
|-------------------------------------|----------------|----------------|
| Auditors' Remuneration consists of: | (Rs.)          |                |
| <b>Particulars</b>                  | <b>2011</b>    | <b>2010</b>    |
| Statutory audit fees                | 150,000        | 150,000        |
| Tax audit fees                      | 16,545         | -              |
| Management services                 | 33,090         | -              |
| Others (Including Service Tax)      | 27,295         | 7,210          |
| <b>Total</b>                        | <b>226,930</b> | <b>157,210</b> |

**2.3 Segment Reporting**

The Company's income for the year consisted of dividend and interest income and accordingly there are no reportable segments.

**2.4 Related Party Transactions**

Disclosure of Related Party Transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India:

| Name of the Company                   | Relationship                    |
|---------------------------------------|---------------------------------|
| Harrisons Malayalam Ltd. ('HML')      | Enterprise under common control |
| Doon Dooars Plantations Ltd. ('DDPL') | Subsidiary                      |
|                                       |                                 |



# STEL Holdings Limited (Formerly Known as "Sentinel Tea and Exports Limited")

Nature & Volume of transactions for the year ended March 31, 2011.

(Rs.)

| SL. No. | Particulars of Transactions                     | March 31, 2011     |      | March 31, 2010 |      |
|---------|---|--------------------|------|----------------|------|
|         |   | HML                | DDPL | HML            | DDPL |
| 1.      | Administration Expenses                         | -                  | -    | 82,263         | -    |
|         | <b>Balance Due from/(to) as at the year end</b> | <b>(2,478,269)</b> | -    | <b>365,564</b> | -    |

## 2.5 Deferred Tax

Deferred tax asset on account of unabsorbed tax losses is not recognized during the year since there is no virtual certainty of taxable profits in the foreseeable future which would offset the asset as the Company has mainly one source of income being dividend which is exempt under Income Tax Act.

## 2.6 Additional Information

The information required under paragraph 4C and 4D of part II of Schedule VI of the Companies Act, 1956 to the extent applicable to the Company are given below:

(Rs.)

| Particulars  | 2011   | 2010 |
|--|--------|------|
| Earnings in Foreign Exchange   | Nil    | Nil  |
| Expenditure in Foreign Currency  | Nil    | Nil  |
| CIF Value of Imports   | Nil    | Nil  |
| The amount remitted during the year in foreign currencies on account of dividend | Nil    | Nil  |
| Estimated amount of capital contracts pending execution                          | Nil    | Nil  |
| Managerial remuneration  | 12,097 | Nil  |

2.7 Previous year's figures have been regrouped / reclassified wherever necessary to conform to the classification for the year.

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 0063105

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

**Reuben Joseph**  
*Partner*  
M. No. 216884  
  
Kolkata  
May 30, 2011.

**Sunil Bhandari**  
*Director*

**Umang Kanoria**  
*Director*

**Abraham Itty Ipe**  
*Manager*

**SENTINEL TEA AND EXPORTS LIMITED  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**I. Registration Details**

Registration No.     State Code

Balance Sheet Date

**II. Capital raised during the year (Amount in Rs. Lacs)**

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 Rs. Lacs)**

Total Liabilities         1 1 1 1 8 Total Assets         1 1 1 1 8

**Sources of Funds**

Paid up Capital       1 8 4 6 Reserves and Surplus       9 2 7 2

Secured Loans       N I L Unsecured Loans       N I L

**APPLICATION OF FUNDS**

Net Fixed Assets       8 3 Investments       1 0 5 1 5

Net Current Assets       5 2 0 Misc. Expenditure       N I L

Accumulated Losses       N I L

**IV. Performance of the Company (Amount in Rs. Lacs)**

Turnover       2 2 5 Total Expenditure       5 3

Profit/Loss Before Tax       1 7 2 Profit/Loss After Tax       1 7 2  
(Please tick appropriate box (+) for profit, (-) for loss)

Earning per share (in Rs.)     0 . 9 3 Dividend rate %     N I L

**V. Generic names of three principal products/services of the company (as per monetary terms)**

Item Code No.

Product Description

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

**Sunil Bhandari**  
Director

**Umang Kanoria**  
Director

**Abraham Itty Ipe**  
Manager

Kolkata  
May 30, 2011.

## **AUDITORS' REPORT**

**The Board of Directors  
Sentinel Tea & Exports Ltd**

We have audited the attached consolidated balance sheet of Sentinel Tea & Exports Ltd. and its subsidiary, Doon Doors Plantations Ltd. ('the STEL Group'), as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the STEL Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the STEL Group's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated balance sheet, of the state of affairs of the STEL Group as at March 31, 2011;
- (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
- (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn No. 006310S

**Reuben Joseph**  
Partner  
Membership No. 216884

Kolkata,  
May 30, 2011.

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011**

|   | Schedule | As at<br>March 31, 2011<br>Rs. | As at<br>March 31, 2010<br>Rs. |
|---|----------|--------------------------------|--------------------------------|
| <b>SOURCES OF FUNDS</b>                             |          |                                |                                |
| <b>1. Shareholders' Funds</b>                       |          |                                |                                |
| (a) Share Capital                                   | 1        | 184,554,050                    | 184,554,050                    |
| (b) Reserves and Surplus                            | 2        | 927,253,120                    | 910,016,274                    |
| <b>2. Loan Funds</b>                                |          |                                |                                |
| (b) Unsecured loans                                 |          | 40,000                         | 40,000                         |
| <b>Total</b>  |          | <u>1,111,847,170</u>           | <u>1,094,610,324</u>           |
| <b>APPLICATION OF FUNDS</b>                         |          |                                |                                |
| <b>1. Fixed Assets</b>                              |          |                                |                                |
| (a) Gross Block                                     | 3        | 10,992,813                     | 10,992,813                     |
| (b) Less: Depreciation                              |          | 1,758,380                      | 1,259,712                      |
| <b>Net Block</b>                                    |          | <u>9,234,433</u>               | <u>9,733,101</u>               |
| <b>2. Investments</b>                               | 4        | 1,050,600,078                  | 1,050,600,078                  |
| <b>3. Current Assets, Loans and Advances</b>        |          |                                |                                |
| (a) Balance with Scheduled Banks in Current Account |          | 1,170,173                      | 2,088,080                      |
| (b) Loans and Advances                              | 5        | 54,328,039                     | 32,563,349                     |
|   |          | <u>55,498,212</u>              | <u>34,651,429</u>              |
| <b>Less: Current Liabilities and Provisions</b>     | 6        |                                |                                |
| (a) Liabilities                                     |          | 3,456,993                      | 345,724                        |
| (b) Provisions                                      |          | 28,560                         | 28,560                         |
|   |          | <u>3,485,553</u>               | <u>374,284</u>                 |
| <b>Net Current Assets</b>                           |          | <u>52,012,659</u>              | <u>34,277,145</u>              |
| <b>Total</b>  |          | <u>1,111,847,170</u>           | <u>1,094,610,324</u>           |

**Significant Accounting Policies and Notes to Accounts**

The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.

As per our report of even date.

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

**Reuben Joseph**  
*Partner*  
M. No. 216884  
  
Kolkata  
May 30, 2011.

**Sunil Bhandari**  
*Director*

**Umang Kanoria**  
*Director*

**Abraham Itty Ipe**  
*Manager*

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

|   | Schedule | Year ended<br>March 31, 2011<br>Rs. | Year ended<br>March 31, 2010<br>Rs. |
|---|----------|-------------------------------------|-------------------------------------|
| <b>INCOME</b>   |          |                                     |                                     |
| Income from Investments   |          | 22,272,513                          | 14,852,220                          |
| Interest on Fixed deposit [Includes tax deducted at source - Rs. 19,498 (2010 - Rs. Nil)] |          | 194,979                             | -                                   |
| Other Income  |          | 149,854                             | 120,462                             |
|   |          | <b>22,617,346</b>                   | <b>14,972,682</b>                   |
| <b>EXPENDITURE</b>  |          |                                     |                                     |
| Administration, Selling and Other Expenses  | 7        | 4,881,832                           | 313,992                             |
| Depreciation  |          | 498,668                             | 457,844                             |
|   |          | <b>5,380,500</b>                    | <b>771,836</b>                      |
| <b>Profit Before Tax</b>  |          | <b>17,236,846</b>                   | <b>14,200,846</b>                   |
| <b>Provision for Tax</b>  |          | -                                   | -                                   |
| <b>Profit After Tax</b>   |          | <b>17,236,846</b>                   | <b>14,200,846</b>                   |
| Balance Brought Forward from Previous Year  |          | 17,741,113                          | 3,540,267                           |
| <b>Surplus carried to Balance Sheet</b>   |          | <b>34, 977,959</b>                  | <b>17,741,113</b>                   |
| <b>Earnings Per Share (Equity Shares, Face Value Rs. 10/- each)</b>                       |          |                                     |                                     |
| Earnings attributable to equity shareholders  |          | 17,236,846                          | 14,200,846                          |
| Weighted average number of equity shares (basic & diluted)                                |          | 18,455,405                          | 18,455,405                          |
| Basic & Diluted Earnings Per Share  |          | 0.93                                | 0.77                                |

**Significant Accounting Policies and Notes on Accounts**

8

The schedules referred to above and the notes to accounts form an integral part of the Profit & Loss Account.

As per our report of even date.

**For G. Joseph & Associates**

Chartered Accountants  
Firm Regn. No. 006310S

**Reuben Joseph**

Partner

M. No. 216884

Kolkata

May 30, 2011.

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

**Sunil Bhandari**

Director

**Umang Kanoria**

Director

**Abraham Itty Ipe**

Manager

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

|   | For the year ended<br>March 31, 2011<br>Rs | For the year ended<br>March 31, 2010<br>Rs |
|---|--|--|
| <b>Cash Flow From Operating Activities</b>  |  |  |
| <b>Net Profit Before Tax</b>  | <b>17,236,846</b>                          | 14,200,846                                 |
| Adjustments for:  |  |  |
| Depreciation  | 498,668                                    | 457,844                                    |
| Income from Investments   | (22,272,513)                               | (14,852,220)                               |
| Interest on Fixed deposit [Includes tax deducted at source - Rs. 19,498 (2010 - Rs. Nil)] | (194,979)                                  | -  |
| <b>Operating Profit before Working Capital Changes</b>                                    | <b>(4,731,978)</b>                         | (193,530)                                  |
| Movement in Working Capital:  |  |  |
| (Increase) / Decrease in Trade and Other Receivables                                      | (21,745,192)                               | (14,057,387)                               |
| Increase / (Decrease) in Trade Payables   | 3,111,270                                  | (79,981)                                   |
| <b>Cash Generated from Operations</b>   | <b>(23,365,900)</b>                        | (14,330,898)                               |
| Income Tax Paid   | -  | -  |
| <b>Net Cash from Operating Activities</b>   | <b>(23,365,900)</b>                        | (14,330,898)                               |
| <b>Cash Flow From Investing Activities</b>  |  |  |
| Bank balances taken over on acquisition of undertaking                                    | -  | 545,569                                    |
| Interest received   | 175,481                                    | -  |
| Dividend received   | 22,272,512                                 | 14,852,220                                 |
| <b>Net Cash from Investing Activities</b>   | <b>22,447,993</b>                          | 15,397,789                                 |
| <b>Cash Flow From Financing Activities</b>  |  |  |
| <b>Net Cash from Financing Activities</b>   | -  | -  |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>                             | <b>(917,907)</b>                           | 1,066,891                                  |
| Cash & Cash Equivalents at the beginning of the year                                      | 2,088,080                                  | 1,021,189                                  |
| Cash & Cash Equivalents at the close of the year  | <b>1,170,173</b>                           | 2,088,080                                  |
| <b>Components of Cash &amp; Cash Equivalents as at</b>                                    | <b>March 31, 2011</b>                      | <b>March 31, 2010</b>                      |
| Balance with Scheduled Banks on Current Account   | 1,170,173                                  | 2,088,080                                  |
|   | <b>1,170,173</b>                           | <b>2,088,080</b>                           |

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

**Reuben Joseph**  
*Partner*  
M. No. 216884  
  
Kolkata  
May 30, 2011.

**Sunil Bhandari**  
*Director*

**Umang Kanoria**  
*Director*

**Abraham Itty Ipe**  
*Manager*

**SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS**

|   | <b>As at<br/>March 31, 2011<br/>Rs.</b> | <b>As at<br/>March 31, 2010<br/>Rs.</b> |
|---|---|---|
| <b>SCHEDULE - 1</b>   |   |   |
| <b>SHARE CAPITAL</b>  |   |   |
| <b>AUTHORISED</b>   |   |   |
| 18,500,000 (2010 - 18,500,000) Equity shares of Rs 10/- each  | <b>185,000,000</b>                      | 185,000,000                             |
| <b>ISSUED AND SUBSCRIBED</b>  |   |   |
| 18,455,405 (2010 - 18,455,405) Equity shares of Rs 10/- each  | <b>184,554,050</b>                      | 184,554,050                             |
| (Of the above 18,455,405 shares are allotted as fully paid-up pursuant to a scheme of amalgamation without payments being received in cash) |   |   |

**SCHEDULE - 2**  
**RESERVES AND SURPLUS**

|                                  |                    |             |
|----------------------------------|--------------------|-------------|
| Capital Reserve                  | 500,000            | 500,000     |
| Capital Reserve on Consolidation | 95,235             | 95,235      |
| Securities Premium               | 887,379,926        | 887,379,926 |
| General Reserve                  | 4,300,000          | 4,300,000   |
| Profit & Loss Account            | 34,977,959         | 17,741,113  |
|                                  | <b>927,253,120</b> | 910,016,274 |

**SCHEDULE - 3**  
**FIXED ASSETS**

|                   | GROSS BLOCK           |                     |           |                   | DEPRECIATION         |                    |                  | NET BLOCK           |                      |
|-------------------|-----------------------|---------------------|-----------|-------------------|----------------------|--------------------|------------------|---------------------|----------------------|
|                   | Description of Assets | As at April 1, 2010 | Additions | Deductions        | As at March 31, 2011 | Upto April 1, 2010 | For the period   | Upto March 31, 2011 | As at March 31, 2011 |
| Building          | 10,589,423            |                     | -         | 10,589,423        | 991,148              | 479,914            | 1,471,062        | 9,118,361           | 9,598,275            |
| Plant & Machinery | 403,390               |                     | -         | 403,390           | 268,564              | 18,754             | 287,318          | 116,072             | 134,826              |
| <b>Total</b>      | <b>10,992,813</b>     |                     | <b>-</b>  | <b>10,992,813</b> | <b>1,259,712</b>     | <b>498,668</b>     | <b>1,758,380</b> | <b>9,234,433</b>    | <b>9,733,101</b>     |
| Previous Year     | 1,975,144             | 9,017,669           | -         | 10,992,813        | 801,868              | 457,844            | 1,259,712        | 9,733,101           | 156,611              |

**SCHEDULE - 4**

**INVESTMENTS (AT COST)**

Rs.

|  | Face Value | As at March 31, 2011 |                    | As at March 31, 2010 |                    |
|--|------------|----------------------|--------------------|----------------------|--------------------|
|  |            | Holdings (Nos)       | Amount             | Holdings (Nos)       | Amount             |
| <b>Long Term Investments</b>   |            |                      |                    |                      |                    |
| <b>Quoted Equity Shares, fully paid-up</b>                               |            |                      |                    |                      |                    |
| Ceat Ltd.  | 10         | 1,372,935            | 51,004,610         | 1,372,935            | 51,004,610         |
| Phillips Carbon Black Ltd.   | 10         | 90,383               | 3,253,788          | 90,383               | 3,253,788          |
| KEC International Ltd.   | 2*         | 4,675,630            | 147,340,257        | 935,126              | 147,340,257        |
| CESC Ltd. **   | 10         | 2,495,570            | 543,332,561        | 2,493,495            | 543,332,561        |
| CFL Capital Financial Services Ltd.                                      | 10         | 47,664,340           | 81,506,021         | 47,664,340           | 81,506,021         |
| RPG Life Sciences Ltd.   | 8          | 502,550              | 12,287,348         | 502,550              | 12,287,348         |
| Summit Securities Ltd.   | 10         | 69,815               | 6,393,315          | 69,815               | 6,393,315          |
| SAREGAMA (India) Ltd.  | 10         | 160                  | 8,184              | 160                  | 8,184              |
| <b>Sub-Total : Quoted Investments</b>                                    |            |                      | <b>845,126,084</b> |                      | <b>845,126,084</b> |
| <b>UnQuoted Equity Shares, fully paid-up</b>                             |            |                      |                    |                      |                    |
| Spencer & Company Ltd.   | 10         | 1,199,764            | 59,988,200         | 1,199,764            | 59,988,200         |
| Cochin International Airport Limited                                     | 10         | 500                  | 2,500              | 500                  | 2,500              |
| Organised Investments Ltd.   | 10         | 470,000              | 1                  | 470,000              | 1                  |
| Universal Industrial Fund Ltd.   | 10         | 8,198,173            | 55,926,448         | 8,198,173            | 55,926,448         |
| RPG Cellular Investments and Holdings (P) Ltd.                           | 10         | 2,420,936            | 33,844,685         | 2,420,936            | 33,844,685         |
| <b>Redeemable Non-Cumulative Preference Shares, fully paid-up</b>        |            |                      |                    |                      |                    |
| Universal Industrial Fund Ltd.<br>12.50%                                 | 100        | 63,000               | 6,300,000          | 63,000               | 6,300,000          |
| RPG Cellular Investments and Holdings (P) Ltd.<br>15.50%                 | 100        | 111,962              | 11,196,200         | 111,962              | 11,196,200         |
| <b>Zero percent interest Fully Convertible Debentures, fully paid-up</b> |            |                      |                    |                      |                    |
| Off -Shore India Ltd   | 100        | 374,450              | 37,445,000         | 374,450              | 37,445,000         |



## STEL Holdings Limited (Formerly Known as "Sentinel Tea and Exports Limited")

| <b>Equity Shares in Srilankan Companies, fully paid-up (face value - LKR)</b>   |    |               |                      |               |                      |
|---|----|---------------|----------------------|---------------|----------------------|
| Creasy Plantations Management Ltd.  | 10 | 60,000        | 385,480              | 60,000        | 385,480              |
| Lankem Plantations Services Ltd.  | 10 | 60,000        | 385,480              | 60,000        | 385,480              |
| <b>Sub-Total : Un-Quoted Investments</b>  |    |               | <b>205,473,994</b>   |               | <b>205,473,994</b>   |
| <b>Total of Investments</b>   |    |               | <b>1,050,600,078</b> |               | <b>1,050,600,078</b> |
| <b>Notes:</b>   |    |               |                      |               |                      |
| 1. Market value of quoted investments ***   |    | 1,470,898,812 |                      | 1,899,875,861 |                      |
| 2. Book value of quoted investments   |    | 845,126,084   |                      | 845,126,084   |                      |
| 3. Book value of un-quoted investments  |    | 205,473,994   |                      | 205,473,994   |                      |
| * Each equity share of KEC International Ltd. with face value of Rs. 10/- per share were split into 5 equity shares with face value of Rs.2/- per share.  |    |               |                      |               |                      |
| ** Of the above shares 1,623,734 (2010 - 1,623,734) shares are pledged with IDBI Trusteeship Services Limited & for 841,784 (2010 - 841,784) shares, undertaking for non-disposal has been given to ICICI Bank Ltd. (Lender of CESC Ltd.) |    |               |                      |               |                      |
| *** Market value of quoted investments for 2010 does not include the market value of the shares of Summit Securities Ltd. which was listed during 2010 - 11.  |    |               |                      |               |                      |

Rs.

**As at**  
**March 31, 2011**      **As at**  
**March 31, 2010**

### Schedule 5

#### Loans and Advances

(Unsecured, considered good)

|   |                   |                   |
|---|-------------------|-------------------|
| Advance to M/s. Universal Industrial Fund Ltd., for purchase of shares                | 42,110,756        | 20,000,000        |
| Advances recoverable in cash or kind or for value to be received                      | 12,005,000        | 12,370,564        |
| Prepaid taxes (Net of provisions)   | 169,383           | 149,885           |
| Deposits [(Includes Rs 15,000 pledged with Government Authorities (2010 - Rs 15,000)] | 42,900            | 42,900            |
|   | <b>54,328,039</b> | <b>32,563,349</b> |

|   | Rs.                     |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2011 | As at<br>March 31, 2010 |
| <b>Schedule 6</b>                           |                         |                         |
| <b>Current Liabilities &amp; Provisions</b> |                         |                         |
| Sundry Creditors                            | 3,283,468               | 319,789                 |
| Other Liabilities (Refer Note 3 below)      | 173,525                 | 25,935                  |
|   | <b>3,456,993</b>        | <b>345,724</b>          |
| <b>Provisions</b>                           |                         |                         |
| Provision for Fringe Benefit Tax            | 28,560                  | 28,560                  |
| Provision for Income Tax                    | -                       | -                       |
|   | <b>28,560</b>           | <b>28,560</b>           |

Notes:

1. No case of suppliers who are covered under the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993" has come to the notice of the company. Dues to Small Scale Industrial Undertakings included in Sundry Creditors Rs. Nil (2010 - Rs. Nil).
2. There are no dues to Small Scale Industrial Undertakings to whom amounts are outstanding for more than 30 days (2010 - Rs. Nil).
3. There is no amount due and outstanding as at the Balance Sheet date to be credited to the Investor Education and Protection Fund. (2010 - Rs. Nil).
4. The Company has not received any intimation from its vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, required under the said Act have not been made.

|   | Rs.                                  |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the Year Ended<br>March 31, 2011 | For the Year Ended<br>March 31, 2010 |
| <b>Schedule 7</b>                                 |                                      |                                      |
| <b>Administration, Selling and Other Expenses</b> |                                      |                                      |
| Legal & Professional Charges                      | 1,024,017                            | 131,380                              |
| Advertisement Expense                             | 921,521                              | -                                    |
| Rates & Taxes                                     | 1,076,235                            | 18,000                               |
| Bank Charges                                      | 8,330                                | 419                                  |
| Auditors' Remuneration                            | 226,930                              | 157,210                              |
| Printing and stationery                           | 715,593                              | -                                    |
| Salaries & Allowances                             | 49,597                               | -                                    |
| Miscellaneous Expenses                            | 80,389                               | 790                                  |
| Postage and telephone                             | 329,589                              | -                                    |
| Filing Fee  | 449,631                              | 6,193                                |
|   | <b>4,881,832</b>                     | <b>313,992</b>                       |

**Schedule 8**

**Significant Accounting Policies and Notes on Consolidated Accounts  
for the year ended March 31, 2011**

**1. Significant Accounting Policies**

**1.1 Basis of preparation**

The financial statements have been prepared to comply in all material respects with the notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by Sentinel Tea and Exports Limited ('the Company') and except for the changes in accounting policy discussed more fully below, are consistent with those used in the previous period.

**1.2 Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**1.3 Principles of Consolidation**

Consolidated Financial Statements of the Sentinel Tea and Exports Limited and its subsidiary company are prepared based on line by line consolidation by adding together the book values of the like items of assets, liabilities, income, and expenditure as per audited financial statements of the subsidiary.

The consolidated financial statements are drawn up by using accounting policies as disclosed in the notes below and are prepared to the extent possible in the same manner as the Company's individual financial statements. Inter-company receivables and payables, income and expenses are eliminated. Separate disclosure is made of minority interest. Minority interest represents the minority shareholder's proportionate share of net assets and income of Company's subsidiary. The financial statements have been considered for consolidation along with its interest in other Subsidiaries / Associates.

| Name of the subsidiary           | Country of incorporation | Shareholding |         |
|----------------------------------|--------------------------|--------------|---------|
|                                  |                          | 2010-11      | 2009-10 |
| Doon Dooars Plantations Limited. | India                    | 100%         | 100%    |

The difference between the costs of investments in subsidiary over the book value of the subsidiary's net assets on the date of acquisition is recognized in the consolidated financial statements as goodwill where there is positive difference and as capital reserve where there the difference is negative.

**1.4 Fixed Assets**

Fixed assets are stated at cost, less accumulated depreciation and impairment loss if any. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

**1.5 Depreciation**

Depreciation is provided on Written Down Value method at the rate specified in Schedule XIV of the Companies Act, 1956.

**1.6 Impairment of assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**1.7 Investments**

Long Term investments are stated at cost and provision for diminution is made, if the decline in value is other than temporary in nature as required under AS 13. Pre-acquisition dividends received are reduced from the cost of investments.

**1.8 Revenue recognition**

Dividends from companies are accounted as income in the year in which they are declared.

**1.9 Foreign Currency Transactions**

Foreign currency transactions are accounted at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the contracted / year end exchange rates. The exchange differences arising on payments / realizations and from the year end restatement referred to above are recognized as income or expense in the profit and loss account. In respect of forward contracts, the difference between the forward rate and exchange rate at the inception of the foreign exchange contract is recognized as income or expense over the period of the contract.

**1.10 Earnings per share**

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

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

**1.11 Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**1.12 Taxes on Income**

Provision for current tax is made based on the liabilities computed in accordance with the relevant tax rates and tax laws. Provision for deferred tax is made for the timing differences arising between the taxable income and accounting income computed at the rates enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only if there is a reasonable / virtual certainty that they will be realized in the foreseeable future and are reviewed for appropriateness of their respective carrying values at each balance sheet date.

**2. Notes to Accounts:**

**2.1 Contingent Liabilities**

2.1.1 Disputed income tax dues relating to AY 1999 – 00 amounting to Rs. 8,680 for which a rectification application is still pending before the assessing authority

2.1.2 1,623,734 (2010 - 1,623,734) shares of CESC Ltd., having a cost of Rs. 353,811,639/- (2010 - Rs. 353,811,639/-) is pledged with IDBI Trusteeship Services Limited as a borrowing arrangement of CESC Ltd.

**2.2 Auditors' Remuneration**

Auditors' Remuneration consists of:

|                                | (Rs.)          |                |
|--------------------------------|----------------|----------------|
| <b>Particulars</b>             | <b>2011</b>    | <b>2010</b>    |
| Statutory audit fees           | 150,000        | 150,000        |
| Tax audit fees                 | 16,545         | -              |
| Management services            | 33,090         | -              |
| Others (Including Service Tax) | 27,295         | 7,210          |
| <b>Total</b>                   | <b>226,930</b> | <b>157,210</b> |

**2.3 Segment Reporting**

The Company's income for the year consisted of dividend income and accordingly there are no reportable segments.

**2.4 Related Party Transactions**

Disclosure of Related Party Transaction in accordance with Accounting Standard (AS-18) "Related Party Disclosures" issued by the Institute of Chartered Accountants of India:

| Name of the Company              | Relationship                    |
|----------------------------------|---------------------------------|
| Harrisons Malayalam Ltd. ('HML') | Enterprise under common control |

Nature & Volume of transactions for the year ended March 31, 2011. (Rs.)

| S. No. | Particulars of Transactions                     | March 31, 2011     | March 31, 2010 |
|--------|---|--------------------|----------------|
|        |   | HML                | HML            |
| 1.     | Administration Expenses                         | -                  | 82,263         |
|        | <b>Balance Due from/(to) as at the year end</b> | <b>(2,478,269)</b> | 365,564        |

**2.5 Deferred Tax**

Deferred tax asset on account of unabsorbed tax losses is not recognized during the year since there is no virtual certainty of taxable profits in the foreseeable future which would offset the asset as the Company has mainly one source of income being dividend which is exempt under Income Tax Act.

**2.6 Additional Information**

The information required under paragraph 4C and 4D of part II of Schedule VI of the Companies Act, 1956 to the extent applicable to the Company are given below:

(Rs.)

| Particulars  | 2011   | 2010 |
|--|--------|------|
| Earnings in Foreign Exchange   | Nil    | Nil  |
| Expenditure in Foreign Currency  | Nil    | Nil  |
| CIF Value of Imports   | Nil    | Nil  |
| The amount remitted during the year in foreign currencies on account of dividend | Nil    | Nil  |
| Estimated amount of capital contracts pending execution                          | Nil    | Nil  |
| Managerial remuneration  | 12,097 | Nil  |

**2.7** Previous year's figures have been regrouped / reclassified wherever necessary to conform to the classification for the year.

**For G. Joseph & Associates**  
Chartered Accountants  
Firm Regn. No. 006310S

For and on behalf of the Board of Directors of  
**Sentinel Tea and Exports Ltd.**

**Reuben Joseph**  
*Partner*  
M. No. 216884  
  
Kolkata  
May 30, 2011.

**Sunil Bhandari**  
*Director*

**Umang Kanoria**  
*Director*

**Abraham Itty Ipe**  
*Manager*

## Subsidiary Company

## Financial Highlights 2010-11

(Rs .Lacs)

| Particulars                    | Doon Dooars Plantations Limited |
|--------------------------------|---------------------------------|
| Capital                        | 17                              |
| Reserves                       | -                               |
| Total Assets                   | 17                              |
| Total Liabilities              | 17                              |
| Investments                    | -                               |
| Turn over                      | -                               |
| Profit before Tax              | 0.29                            |
| Provision for Tax/Deferred Tax | -                               |
| Profit after tax               | 0.29                            |
| Proposed Dividend              | -                               |

**STEL HOLDINGS LIMITED**  
**(Formerly known as "Sentinel Tea and Exports Limited")**  
24/1624, Bristow Road, Willingdon Island, Cochin - 682 003.

**ATTENDANCE SLIP**

DP ID No.  
Client ID No.

Registered Folio No.  
No. of shares held

Name of the Member attending .....

Name of the Proxy .....

I hereby record my presence at the 21st Annual General Meeting of the Company to be held on Monday, 26th September, 2011 at 10.30 a.m. at Merchant Navy Officers' and Seaman's Association (MNC), 336, Bristow Road, Willingdon Island, Cochin - 682 003.

Member's / Proxy's Signature  
(To be signed at the time of handing over this slip)

✂

**STEL HOLDINGS LIMITED**  
**(Formerly known as "Sentinel Tea and Exports Limited")**  
24/1624, Bristow Road, Willingdon Island, Cochin - 682 003.

**PROXY FORM**

DP ID No.  
Client ID No.

Folio No.  
No. of shares held

I/We .....of ..... in the district of ..... being a Member (s) of STEL HOLDINGS LIMITED hereby appoint ..... of ..... in the district of ..... or failing him/her ..... of ..... in the district of ..... as my/our Proxy to attend and vote for me/us on my/our behalf, at the 21st Annual General Meeting of the Company to be held on Monday, 26th September, 2011 at 10.30 a.m. at Merchant Navy Officers' and Seaman's Association (MNC), 336, Bristow Road, Willingdon Island, Cochin - 682 003 and any adjournment thereof.

Signed this ..... day of .....2011

Signature

|                            |
|----------------------------|
| Revenue<br>Stamp<br>Rs.1/- |
|----------------------------|

**NOTE:**

The proxy to be valid must be deposited at the registered office of the Company at 24/1624, Bristow Road, Willingdon Island, Cochin - 682 003 not less than 48 hours before the commencement of the meeting.

# BOOK POST

To,

*If undelivered please return to:*

**STEL Holdings Limited**

(formerly known as Sentinel Tea and Exports Limited)

Regd. Office: 24/1624, Bristow Road

Willingdon Island, Cochin - 682 003