



GILLANDERS ARBUTHNOT  
AND COMPANY LIMITED

78<sup>th</sup>

**ANNUAL REPORT**

2011 - 2012



**Kothari**  
**Group**  
Imagine Inspire Deliver



**Mr. A. K. Kothari**  
Chairman

### **Mission**

*To be a good corporate citizen and to inspire and nurture the human spirit for a sustainable value based wealth creation, contributing in the socio economic progress of India in harmony with the environment.*

### **Vision**

*Innovative, Dynamic and Holistic Global Conglomerate with passion for delivering outstanding performance based on integrity, professionalism, accountability and evolving in a vertical growth trajectory while enriching everyone we touch and enhancing value for all the stakeholders.*



## CORPORATE INFORMATION \*

### BOARD OF DIRECTORS

Mr. A. K. Kothari, *Chairman*  
 Smt. P. D. Kothari, *Director*  
 Mr. P. K. Khaitan, *Director*  
 Mr. J. N. Godbole, *Director*  
 Mr. H. P. Kanoria, *Director*  
 Mr. H. M. Parekh, *Director*  
 Mr. N. Pachisia, *Additional Director*  
 Mr. D. K. Sharda, *Managing Director & CEO*

### JOINT PRESIDENT & CFO

Mr. P. K. Jain

### COMPANY SECRETARY

Mr. D. Karmakar

### STATUTORY AUDITOR

Singhi & Co., Kolkata

### SOLICITORS

Khaitan & Co., Kolkata

### BANKERS

State Bank of India  
 IDBI Bank Limited  
 State Bank of Patiala  
 United Bank of India  
 Bank of India  
 The Hongkong and Shanghai Banking  
 Corporation Limited

### REGISTERED OFFICE

C-4, Gillander House,  
 Netaji Subhas Road, Kolkata - 700 001  
 Phone : 033-2230-2331 (6 Lines)  
 Fax : 033-2230 4185  
 E-mail : gillander@gillandersarbuthnot.com  
 Website : www.gillandersarbuthnot.com

### Audit Committee

Mr. H. M. Parekh, *Chairman*  
 Mr. A. K. Kothari, *Member*  
 Mr. J. N. Godbole, *Member*  
 Mr. N. Pachisia, *Member*

### Shareholders' / Investors' Grievance Committee

Mr. H. M. Parekh, *Chairman*  
 Mr. A. K. Kothari, *Member*  
 Smt. P. D. Kothari, *Member*  
 Mr. P. K. Khaitan, *Member*  
 Mr. D. K. Sharda, *Member*

### Remuneration Committee

Mr. H. P. Kanoria, *Chairman*  
 Mr. A. K. Kothari, *Member*  
 Smt. P. D. Kothari, *Member*  
 Mr. P. K. Khaitan, *Member*  
 Mr. H. M. Parekh, *Member*

### Branches/Offices

Ahmedabad, Amritsar, Bangalore, Chennai,  
 Coimbatore, Delhi, Ernakulam, Hyderabad,  
 Kundli, Ludhiana, Mumbai, Panipat, Salem

\* (As on 29th May, 2012)



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## NOTICE

Notice is hereby given that the SEVENTY EIGHTH Annual General Meeting of the Members of the Company will be held at the Williamson Magor Hall of the Bengal Chamber of Commerce and Industry, (1st Floor), Royal Exchange, 6, Netaji Subhas Road, Kolkata – 700 001 on Monday, the 13TH DAY OF AUGUST, 2012 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the Accounts of the Company for the financial year ended March 31, 2012, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon,
2. To approve payment of Dividend on 8% Cumulative Redeemable Preference Shares of Rs.100/- each for the financial year ended March 31, 2012.
3. To declare dividend on Ordinary Shares for the financial year ended March 31, 2012.
4. To appoint a Director in place of Mr. J.N. Godbole, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A.K. Kothari, who retires by rotation at this Annual General Meeting, and being eligible, offers himself for re-appointment.
6. To consider and, if thought fit, to pass, with or without modification(s) the following Resolutions as **Ordinary Resolutions:**

- (a) "RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Singhi & Co., Chartered Accountants, Kolkata, (Firm Registration No. 302049E) be and they are hereby re-appointed as the Auditor of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors plus reimbursement of out-of-pocket expenses actually incurred in the performance of their duties."
- (b) "RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Dutta Ghosh & Associates, Chartered Accountants, Kolkata, (Firm Registration No. 309088E) be and they are hereby re-appointed as Branch Auditor to audit the accounts in respect of GIS Cotton Mill, Champdany, a unit of the Textile Division of the Company, and to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors plus reimbursement of out-of-pocket expenses actually incurred in the performance of their duties."

- (c) Messrs. Bagree & Co., Chartered Accountants, Kolkata, Branch Auditor of Engineering (MICCO) Division of the Company, who retires after the ensuing Annual General Meeting, have expressed their unwillingness to be re-appointed in writing. The Company has received a Special Notice from a member pursuant to Section 225, read with Section 190, of the Companies Act, 1956, proposing a resolution for appointment of Messrs. Kothari & Company, Chartered Accountants, Kolkata, as Branch Auditor to audit the accounts in respect of Engineering (MICCO) Division of the Company. The Company hereby gives Notice of the said resolution to its members. A copy of the said Notice has also been forwarded to the retiring Branch Auditor. Messrs. Kothari & Company, Chartered Accountants, Kolkata, have also given their consent to act as Branch Auditor, if appointed.

"RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Kothari & Company, Chartered Accountants, Kolkata, (Firm Registration No. 301178E) being eligible, be appointed as Branch Auditor to audit the accounts of the Engineering (MICCO) Division of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Board of Directors plus reimbursement of out-of-pocket expenses actually incurred in the performance of their duties."

### SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification(s) the following Resolutions as **Ordinary Resolutions:**

#### 7. Appointment of Mr. N. Pachisia as Director

"RESOLVED THAT Mr. N. Pachisia, who was appointed by the Board of Directors as an Additional Director of the Company, be and he is hereby appointed as Director of the Company, whose period of office will be liable to retire by rotation."

#### 8. Re-appointment of Mr. D.K. Sharda as Managing Director & Chief Executive Officer (CEO)

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, the Company hereby approves and accords consent to the re-appointment of Mr. D. K. Sharda as Managing Director (designated as Managing Director & Chief Executive Officer) of the Company for a period of one year with effect from April 01, 2012 on such terms and conditions and payment of remuneration and other perquisites/benefits as are set out in the Explanatory Statement annexed to this Notice



with an authority to the Board of Directors of the Company to vary and alter such terms and conditions including remuneration provided that the same are in accordance with Schedule XIII and the provisions of the Companies Act, 1956 or any re-enactment thereof and/or any Rules/Regulations framed thereunder."

*By Order of the Board*

For GILLANDERS ARBUTHNOT AND COMPANY LIMITED

Place: Kolkata  
Date: May 29, 2012.

**D. Karmakar**  
*Company Secretary*

**NOTES:**

- 1) A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing a proxy should however be deposited at the registered office of the Company not less than forty eight hours before the commencement of the meeting.
- 2) Corporate members intending to send their authorized representatives to attend the meeting are requested to send to the Company a certified true copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 3) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 7 & 8 of the Notice set out above, is annexed hereto.
- 4) The Register of Members and Share Transfer Books of the Company will remain closed from August 03, 2012 to August 13, 2012 (both days inclusive) for the purpose of payment of dividend, if approved by the Members, at the Annual General Meeting.
- 5) The dividend, as recommended by the Board, if approved at the Annual General Meeting, will be paid on or after August 13, 2012 to those Members or their mandates whose names are registered on the Company's Register of Members:
  - a) As Beneficial Owners as at the end of business on August 02, 2012 as per the lists to be furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) in respect of shares held in electronic form, and
  - b) As members in the Register of Members of the Company after giving effect to all valid share transfers in physical form, which are lodged with the Company or its Registrar & Share Transfer Agent (RTA) on or before August 02, 2012.
- 6) Pursuant to the provisions of the Companies Act, 1956, all unclaimed dividends till the financial year 2003-2004 have already been transferred to the Investor Education and Protection Fund (IEPF) and all subsequent unpaid dividends will be transferred to the said Fund from time to time. Shareholders who have not yet encashed their dividend warrant(s) relating to the financial year 2004-2005 to 2010-2011 are therefore, advised to approach the Company for the payment thereof.
- 7) The Ordinary Shares of the Company are listed on the Calcutta Stock Exchange Limited, Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Company confirms that it has paid Annual Listing Fees to the said Exchanges for the year 2012-2013.
- 8) Members holding shares in physical form are requested to notify any change in their address including Pin Code, Bank Mandate, Income Tax Permanent Account Number, etc. to the Company's Registrar & Share Transfer Agent:

Maheshwari Datamatics Pvt. Ltd.  
( Unit : Gillanders Arbuthnot and Company Limited )  
6, Mangoe Lane (Surendra Mohan Ghosh Sarani),  
2nd Floor, Kolkata – 700 001.

Members holding shares in dematerialized form are requested to furnish this information to their respective depository participants for updation of the records.
- 9) Members who are holding shares in identical order of names in more than one folio are requested to send to the Company or its RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the Members after making requisite changes thereon.
- 10) Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. Request may be made to the Company or its RTA for the Nomination Form.
- 11) In terms with Circular no. MRD/DoP/Cir-05/2009 dated 20th May, 2009 issued by Securities and Exchange Board of India (SEBI), it is now mandatory for the transferee of the physical shares to furnish copy of PAN Card to the Company or its RTA for registration of transfer of shares. Shareholders are requested to furnish copy of PAN Card at the time of transferring physical shares.
- 12) The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by allowing paperless compliances by the Companies and has issued circulars stating that service of Notice/documents including Annual Report can be sent by e-mail to its members. Therefore, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail ids with the RTA.



- 13) A brief resume of the Directors seeking re-appointment/ appointment at the Annual General Meeting along with details of their other Directorships and shareholding in the Company pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges are provided as an annexure to this notice.
- 14) All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Company's Registered Office at C-4, 'Gillander House', Netaji Subhas Road, Kolkata – 700 001 on all working days of the Company, between 10.00 A.M. and 1.00 P.M. till August 12, 2012 and will also be available for inspection at the meeting.

#### ANNEXURE TO THE NOTICE

#### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956:

##### Item No. 7

The Board of Directors of the Company at their meeting held on August 12, 2011 had appointed Mr. N. Pachisia as an Additional Director with effect from August 16, 2011 under the provisions of Section 260 of the Companies Act, 1956 read with Article 92 of the Articles of Association of the Company. Mr. N. Pachisia will hold office only up to the date of this Annual General Meeting. Notice under Section 257 alongwith a deposit of Rs.500/- proposing the candidature of Mr. N. Pachisia as Director has been received from a member of the Company. Mr. N. Pachisia is not disqualified to be Director of the Company.

Mr. N. Pachisia is a Promoter & Managing Director of SKP Securities Limited, a leading, diversified player in capital markets and he also carries over 30 years' experience in capital markets, wealth advisory and investment banking. He is widely acknowledged for the pioneering role played by him in creating a mutual funds investment cult in the Eastern Region. The Board considers that his association as a Director will be beneficial to and in the interest of the Company.

The Board of Directors recommends for your approval his appointment as Director of the Company, liable to retire by rotation.

None of the Directors, except Mr. N. Pachisia is concerned or interested in this resolution.

##### Item No. 8

Subject to the approval of the Members of the Company in General Meeting, the Board of Directors of the Company at its Meeting held on February 14, 2012 re-appointed Mr. D. K. Sharda, as Managing Director of the Company for a period of one year with effect from April 01, 2012. The previous term of Mr. D. K. Sharda, as Managing Director expired on March 31, 2012.

An Agreement dated April 02, 2012 was entered into between the Company and Mr. D. K. Sharda, Managing Director of the

Company, subject to the approval of the members of the Company. The terms and conditions of the said Agreement entered into by the Company with him are set out below:

#### 1. DUTIES AND RESPONSIBILITIES:

Mr. D. K. Sharda, as the Managing Director of the Company shall, subject to the provisions of the Companies Act, 1956 and overall superintendence and control of the Board of Directors of the Company perform such duties and exercise such powers as have been or may from time to time be entrusted to or conferred on him by the Board of Directors of the Company.

#### 2. REMUNERATION:

I. SALARY: Rs. 1,95,000/- per month.

II. PERQUISITES: Apart from Salary, Mr. D. K. Sharda will also be entitled to the perquisites classified into the following three parts viz., Part A, B and C.

##### PART – A

- i) Housing: The Company shall provide rent free furnished accommodation with free electricity. In case no accommodation is provided by the Company, the Managing Director shall be entitled to House Rent Allowance limited to 8% of his salary.
- ii) Medical Reimbursement and Leave Travel Concession: The Managing Director shall be reimbursed to the extent of 10% of his salary towards expenses incurred for self and family for Medical Expenses and Leave Travel, anywhere in India.
- iii) Fees of Clubs: Upto a maximum of two Clubs. This will not include any admission or life membership fees.
- iv) Personal Accident Insurance/Medical Insurance: Premium not exceeding Rs.15,000/- per annum.

##### PART – B

- i) Company's contribution to Provident Fund as per Rules of the Company.
- ii) Gratuity on retirement at the rate of one half month's salary for each completed year of service subject to the ceiling as provided in law.
- iii) Leave with full pay and allowances: Encashment of leave will be permitted.

##### PART – C

- i) Use of car for Company's business. Any use of car for private purposes will be valued as per Income Tax Rules, 1962.
- ii) Free telephone facility at residence.

#### 3. MINIMUM REMUNERATION:

In the event of absence or inadequacy of profits during the period of service of Mr. D. K. Sharda, as Managing Director of the Company, he shall be entitled to the same Salary and Perquisites as stated hereinbefore.



The remaining provisions of the Agreement sets out the mutual rights and obligations of the parties thereto and other administrative details.

Subsequently, the Board of Directors of the Company at their meeting held on May 29, 2012 has designated Mr. D. K. Sharda, as Managing Director and Chief Executive Officer (CEO) of the Company for the aforesaid tenure.

The re-appointment of Mr. D. K. Sharda, as Managing Director (designated as Managing Director and Chief Executive Officer) of the Company, and the remuneration being paid/payable to him as fixed by the Board of Directors at their said meeting on the recommendation of the Remuneration Committee is in accordance with the conditions specified in Parts I and II of Schedule XIII of the Companies Act, 1956.

The Board of Directors is of the opinion that the above remuneration being paid/payable to Mr. D. K. Sharda, as

Managing Director and CEO of the Company, is commensurate with his duties and responsibilities.

The Board considers that his association as Managing Director (designated as Managing Director and Chief Executive Officer) will be beneficial to and in the interest of the Company.

The Board of Directors recommends for your approval, his re-appointment as Managing Director & CEO of the Company.

None of the Directors, except Mr. D. K. Sharda, is concerned or interested in this resolution.

By Order of the Board

For GILLANDERS ARBUTHNOT AND COMPANY LIMITED

Place: Kolkata  
Date: May 29, 2012.

D. Karmakar  
Company Secretary

### Annexure

Particulars of Directors proposed to be appointed/re-appointed at the 78th Annual General Meeting of the Company to be held on Monday, the 13th day of August, 2012 at 11.00 A.M.

Name of the Director	Brief resume and nature of expertise in functional area	Number of Ordinary Shares held in the Company	Other Directorship/Other Committee Membership held*
Mr. J. N. Godbole	Mr. J.N. Godbole aged about 67 years is an eminent banker having technical background and was the Chairman of IDBI Limited. Having wide experience & expertise in the field of industrial banking, project financing, business development, venture capital etc.	-	<b>Directorships:</b> Embio Limited J.K. Cements Limited I.M.P. Powers Limited Emami Paper Mills Limited Kesar Terminals & Infrastructure Limited The Oudh Sugar Mills Limited Madhya Bharat Papers Limited Zuari Industries Limited Zuari Holdings Limited Saurashtra Cement Limited IDBI Asset Management Limited Kesar Multimodal Logistics Limited Gujarat Alkalies & Chemicals Limited  <b>Committee Memberships:</b> <b>Chairman of Audit Committee</b> Gujarat Alkalies & Chemicals Limited  <b>Member of Audit Committee</b> Embio Limited Emami Paper Mills Limited Madhya Bharat Papers Limited Zuari Industries Limited Kesar Terminals & Infrastructure Limited IDBI Asset Management Limited Zuari Holdings Limited  <b>Chairman of Shareholders'/ Investors' Grievance Committee</b> Zuari Holdings Limited



Name of the Director	Brief resume and nature of expertise in functional area	Number of Ordinary Shares held in the Company	Other Directorship/Other Committee Membership held <sup>†</sup>
Mr. A. K. Kothari	Mr. A.K. Kothari aged about 59 years is a well known industrialist having knowledge, experience & expertise on areas relating to tea, pharmaceuticals engineering and spinning industry.	1,25,287	<b>Directorships:</b> Albert David Limited Bhaktwatsal Investments Limited Kothari Phytochemicals & Industries Limited Vishnuhari Investments & Properties Limited Bharat Fritz Werner Limited Indian Glass & Electricals Limited Arvind Engineering Works Limited <b>Committee Memberships:</b> <b>Member of Audit Committee</b> Albert David Limited Kothari Phytochemicals & Industries Limited <b>Member of Shareholders'/ Investors' Grievance Committee</b> Albert David Limited
Mr. N. Pachisia	Mr. N. Pachisia aged about 49 years is a Certified Financial Planner having over 30 years' experience in capital markets, wealth advisory & investment banking. He is also a regular speaker at various business, professional and academic bodies and featuring regularly on print and electronic media.	-	<b>Directorships:</b> SKP Commodities Limited Murlidhar Ratanlal Exports Limited Linc Pen & Plastics Limited Diana Tea Company Limited Sarda Plywood Industries Limited Electrosteel Steel Limited SKP Securities Limited Mallcom (India) Limited <b>Committee Memberships:</b> <b>Member of Audit Committee</b> Linc Pen & Plastics Limited Diana Tea Company Limited Electrosteel Steel Limited SKP Securities Limited <b>Member of Shareholders'/ Investors' Grievance Committee</b> Electrosteel Steel Limited SKP Securities Limited
Mr. D. K. Sharda	Mr. D. K. Sharda aged about 65 years has rich experience & expertise in the field of Finance, Administration and Textile Industry for more than 39 years.	-	<b>Directorships:</b> M.D.Kothari & Co. Limited Bhaktwatsal Investments Limited <b>Committee Memberships:</b> -

\* Only Audit Committee & Shareholders'/Investors' Grievance Committee of Indian Public Limited Companies have been taken into account.



## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Annual Report on the affairs of the Company together with the Audited Accounts for the financial year ended March 31, 2012.

### FINANCIAL RESULTS

The Financial results for the year are as under :

	(Rs. in lakhs)	
PARTICULARS	2011-12	2010-11
<b>Profit Before Depreciation, Interest &amp; Tax (PBDIT)</b>	<b>3,803.85</b>	<b>10,880.74</b>
Interest / Finance Charges	2,872.03	1,975.37
<b>Profit Before Depreciation and Tax (PBDT)</b>	<b>931.82</b>	<b>8,905.37</b>
Depreciation / Amortisation	2,461.97	2,244.87
<b>Profit Before Tax (PBT)</b>	<b>(1,530.15)</b>	<b>6,660.50</b>
Taxation Charge		
- Current Tax	46.70	1,308.20
- Deferred Tax	(650.00)	(67.00)
<b>Profit After Tax (PAT)</b>	<b>(926.85)</b>	<b>5,419.30</b>
Balance brought forward	5,567.64	2,083.15
Balance available for appropriation	<u>4,640.79</u>	<u>7,502.45</u>
<b>Appropriations</b>		
Proposed Dividend on:		
8% Redeemable Cumulative Preference Shares of Rs. 100/- each	16.00	16.00
Ordinary Shares of Rs. 10/- each	106.71	960.41
Corporate Dividend Tax	19.91	158.40
Transfer to :		
Preference Shares Redemption Reserve	-	200.00
General Reserve	-	600.00
Surplus carried to Balance Sheet	<u>4,498.17</u>	<u>5,567.64</u>
	<u>4,640.79</u>	<u>7,502.45</u>
<b>Earnings per Ordinary Share (Rs.)</b>		
- Basic	(4.43)	25.31
- Diluted	(4.43)	25.31
<b>Dividend per Ordinary Share (Rs.)</b>	<b>0.50</b>	<b>4.50</b>

### FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS

During the financial year 2011-12, your Company reported a loss of Rs. 926.85 lakhs against profit of Rs.5,419.30 lakhs during the previous year. The loss was due to adverse economic conditions and some unforeseen disruption of operations, which resulted in loss of production and operational income. Operational matters have been discussed under 'Management Discussion and Analysis,' detailed in appropriate part of this Report.

### DIVIDEND

Your Directors recommend the following dividends:

- Dividend @ Rs. 8/- per Share on 2,00,000 8% Redeemable Cumulative Preference Shares of Rs. 100/- each of the Company, entailing an outflow of Rs. 16.00 lakhs.
- Dividend @ Re. 0.50 per Share on 2,13,42,346 fully paid up Ordinary Shares of Rs. 10/- each of the Company, entailing an outflow of Rs. 106.71 lakhs.

### MANAGEMENT DISCUSSION AND ANALYSIS

The industry structure, development, performance, opportunities, threats and outlook of each activities, internal



control systems and industrial relations have been discussed in paragraphs to follow.

#### Tea Division

India was expected to achieve production of 1 billion kgs of tea in 2011, but due to early onset of winter in north-east regions, and rains in southern regions during October to December, industry could produce 988 million kilograms (mkg) of tea in 2011, an increase of 2.3% compared to last year.

Production in Kenya and Sri Lanka, the largest exporters, also showed a declining trend due to adverse climatic conditions. However, exports from India during 2011 stood at 193 mkg against 222 mkg in 2010 mainly due to Western sanctions against Iran and political instability in West Asia and North African countries. Increased production along with decrease in export has created pressure on price of tea but it has been minimised due to surge in domestic demand.

In spite of adverse impact due to labour and political unrest in the gardens located in West Bengal, Tea Division has produced 9.15 million kgs of Tea during the year under review, which is marginally higher than 9.01 million kgs. during the last year. Exports were made to countries like Sri Lanka, Dubai, Iran and Russia, which has resulted in enhanced export sales during the year under review. Your Division is exploring other potential markets and taking measures to strengthen the existing market and is confident of increasing export sales in coming year.

Packet segment is gradually increasing its presence in markets by strengthening branch operations, operational logistics, warehousing facilities and is expected to further penetrate the markets in the coming years by enhancing its marketing tools. However, decrease in price coupled with increase in cost, including wages and other inputs, has created pressure on profit margin of the division.

During the current year, with a minimal carry forward and increase in demand the prices are expected to be buoyant, particularly for quality tea. However, increase in wages and other input cost will continue to put pressure on margin. Your Directors expects the Division to do relatively well in the coming year.

All the tea estates of the Company are ISO 9001:2008 and Hazard Analysis and Critical Control Points (HACCP) certified.

#### Engineering (MICCO) Division

This Division of your Company is mainly involved in infrastructural work in Steel and Power Sectors. MICCO is a prestigious name in the Steel Sector and enjoys preference as partner by national and global players in the sector. Apart from Gas holders and Reheating Furnaces, where this Division has created a niche, it has also established itself as a trusted name in Casters, Mills and Coke Oven Plants.

During the year under review, the global and national economy has not been encouraging, which resulted in slow projects execution. The performance of your Division was also adversely

affected due to fire in one of the sites. In spite of tough market scenario, your division has a healthy order book position.

The outlook for Steel Industry is cautious due to the markets continued financial uncertainty and volatility. The global steel sector is expected to grow, although at a lower rate. In India, however, demand for steel from the domestic sector especially for infrastructure is creating a positive outlook as India is expected to perform better than most world economies. Power Sector is also expected to do reasonably well in the coming year.

Your Division is continuously putting in efforts to improve the growth trajectory through internal assessment and seeking advice from leading consultants in the field. Steps have been taken to reorganize your Division, establish new partners in allied fields, locate new areas of operation and to strengthen the existing collaborations. The initial results of such initiatives are encouraging and the division has already entered into several tie-ups in different products and few are in the pipeline, which shall change the range and profile of your division for a sustainable growth in near future. MICCO Division is equipped to harness the opportunities and expects a stable performance in the coming year.

#### Textile Division

During the year, Spinning Industry witnessed unprecedented and one of the worst crisis in the past several decades.

As a normal practice, the Industry built up requisite inventory of good quality cotton during the season as good quality cotton is not adequately available during the off season. However, the prices of raw cotton and other fibers, which had peaked during the end of last year, crashed during the year, resulting in huge losses on account of raw material and finished goods inventory.

The said event also led to fall in demand for yarn both in domestic and international markets resulting in huge inventory with the mills, which has put tremendous pressure on yarn prices and margins.

As reported last year, the frequent changes in the policy guidelines and intervention of the government has created an uncertainty in the market, which is adversely affecting the outlook and growth prospect of the industry. The Industry looks forward to the government to draw up a long term policy guidelines taking into account the benefit of the entire textile value chain.

Apart from the above, the performance of Textile Division was also affected by loss of production at GIS Cotton Mill unit due to labour unrest for two and half months. In North India Spinning Mill unit there was total breakdown of captive power plant along with some machineries, which took about four months to be replaced/repared, resulting in non-optimal use of production capacity. The production during the year under review was 15,066 MT, which is lower than last year.



The current year also seems to be difficult due to weak global and Indian economy. The cotton crop at 347 lakhs bales for the year 2011-12 is estimated to be higher than last year. However, due to huge exports the carry forward stock for the next season is expected to be very low. In spite of all odds, your Directors are hopeful of reasonable performance in the current year.

#### **Chemical (Waldies) Division**

Waldies Division is engaged in the business of manufacture and marketing of Lead Oxides and Stabilisers for PVC Industry.

During the year under review, the Industry witnessed uncertain market environment and slow growth. In spite of that, this Division has achieved satisfactory increase in profitability. Continuous efforts are being made for further improvement in the operations of the Division. The outlook of the performance for the coming year is reasonable.

Waldies Division continues to enjoy ISO 19001 certification for its Quality Management Systems and ISO 14001 certification for its Environment Management Systems and OHSAS 18001 for its occupational health and safety management systems.

#### **Trading Division**

During the year under review, the turnover of this Division was marginally low compared to previous year primarily due to fall in sale of cement paints.

Your Division now owns a Brand known by the name 'GILLARCO' and has plans to market and sell different products under the said Brand name in the future. It has plans to expand its operational base by foraying into marketing and selling of Abrasive Sheets in automotives and decorative Segments. Your Directors expect that this Division will yield better results in the coming year.

#### **Property Division**

Increase in occupancy has yielded higher rental income for property Division for the year under review.

Your Division has a Fire Safety Policy, which is reviewed from time to time. Latest fire fighting equipments are in place in 'Gillander House' and fire safety norms are strictly adhered to. Your Directors believe that with continuous improvement of facilities and safety, this Division will be benefitted in the long term.

#### **Internal Control System and their adequacy**

Your Company has proper and adequate system of internal controls. Audit of various divisions, units, factories, sites, branches and its corporate offices are conducted by Independent professional firms of Chartered Accountants and reports thereon are reviewed and discussed by the Audit Committee of the Board of Directors and corrective action, as deemed necessary, are taken. Procedures have been laid down

by your Company to safeguard and protect all assets and ensure that the transactions are authorized, recorded and reported correctly.

#### **Human Resources and Industrial Relations**

Your Company has laid down the processes for attracting, retaining and rewarding talent as it acknowledges the importance of good Human Resource. Congenial environment is being maintained and recreation activities are sponsored by your Company. Industrial relations were good except an incident of labour unrest.

#### **Caution Statement**

Management Discussion and Analysis Report contains forward-looking statements, which are based on certain assumptions and expectations of future events. The Company's actual results and performance may differ from those projected due to unforeseen circumstances viz., political, economic etc. The Company assumes no responsibility to publicly amend, modify or revise any such statements on the basis of subsequent developments, information or events. Readers are advised to apply their own diligence and independent judgment.

#### **DIRECTORS**

During the year under review, Mr. S. Lahiri resigned from the Board with effect from February 14, 2012. Mr. A. Mallick resigned from the Board with effect from March 31, 2012.

The Board wishes to place on record its deep sense of appreciation and gratitude for the valuable contribution, guidance and advice received from them.

Mr. J. N. Godbole and Mr. A. K. Kothari retire by rotation under Articles 109 and 110 of the Articles of Association of the Company, and being eligible offer themselves, for re-appointment.

Mr. N. Pachisia has been appointed as an Additional Director with effect from August 16, 2011 to hold such office till the conclusion of the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received from a member proposing his name for appointment as Director of your Company in the forthcoming Annual General Meeting. The Board recommends his appointment as Director since his appointment will be beneficial to the Company.

At the Board Meetings held on February 14, 2012 and May 29, 2012, Mr. D. K. Sharda was re-appointed as Managing Director of the Company for a period of one year, with effect from April 01, 2012 and designated as Managing Director & Chief Executive Officer (CEO) of the Company respectively. The said re-appointment is subject to the approval of the members of the Company in the ensuing Annual General Meeting.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors confirm having:



- a) Followed in the preparation of the Annual Accounts, the applicable accounting standards with proper explanation relating to material departures, if any;
- b) Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the loss of your Company for that period;
- c) Taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- d) Prepared the Annual Accounts on a 'going concern' basis.

#### AUDITORS' REPORT

Auditors' Report to the members of the Company does not contain any qualification or adverse remark. Financial Statements and the notes thereon is self explanatory and need no further explanation.

#### AUDITORS

Messrs. Singhi & Co., Chartered Accountants, Kolkata, who retires after the conclusion of the forthcoming Annual General Meeting, and being eligible, offer themselves, for re-appointment.

Messrs. Dutta, Ghosh & Associates, Chartered Accountants, Kolkata, the Branch Auditor of the GIS Cotton Mill unit of Textile Division of the Company, retire after the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves, for re-appointment.

Messrs. Bagree & Co., Chartered Accountants, Kolkata, who retires after the conclusion of the forthcoming Annual General Meeting have sent a letter expressing their unwillingness to be re-appointed as Branch Auditor of Engineering (MICCO) Division of the Company. A Special Notice has been received from a member proposing the name of Messrs. Kothari & Company, Chartered Accountants, Kolkata, as the Branch Auditor of Engineering (MICCO) Division of the Company in place of the retiring Auditor in the ensuing Annual General Meeting.

A certificate under sub-section (1B) of Section 224 of the Companies Act, 1956, has been obtained from each of them.

#### COST AUDIT

The Ministry of Corporate Affairs, Government of India, has approved the re-appointment of the following Cost Auditors for conducting Cost Audit for the financial year 2011-12:

- i) Textile Division - M/s. S. Gupta & Co., Kolkata;
- ii) Tea Division - M/s. B. Ray & Associates, Kolkata & M/s. DGM & Associates, Kolkata; and

- ii) Chemical (Waldies) Division - M/s. S. Gupta & Co., Kolkata.

#### CORPORATE GOVERNANCE

The Report on Corporate Governance duly certified by CS Deepak Kumar Khaitan, a practicing Company Secretary, confirming compliance with the conditions stipulated under Clause 49 of the Listing Agreement, which forms part of the Annual Report, is attached to this Report.

#### FIXED DEPOSIT

As on March 31, 2012 an amount of Rs. 2,115.04 lakhs was outstanding as fixed deposits received from the public and shareholders of your Company. No matured fixed deposit was unclaimed as on the said date.

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

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed (Annexure I) hereto forming part of the Report.

#### PARTICULARS OF EMPLOYEES

No employee falls under the purview of Sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

#### ACKNOWLEDGEMENT

Your Directors would like to record their appreciation for the co-operation and support received from the employees, shareholders, banks, Government agencies and all stakeholders.

For and on behalf of the Board

A. K. Kothari  
Chairman

Kolkata, May 29, 2012.

**ANNEXURE I TO DIRECTORS' REPORT**

Additional information pursuant to Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended March 31, 2012.

**A. CONSERVATION OF ENERGY****a) Energy conservation measures taken:**

Energy conservation is given high importance and continuous efforts are made to save energy. Studies, discussions and analysis are made by the Company on a continuous basis to identify areas and implement measures to conserve energy. Some of the measures taken are as under:

- i) Timely replacement of Power Capacitor and equipments for achieving ideal power factor.
- ii) Interlocking of fan motor in ring frame.
- iii) Installation of energy saving spindle tape.
- iv) Automisation of PA Fan in power plant and compressor.
- v) Replacement of conventional tube lights by energy efficient tube lights (T-28).
- vi) Installation of inverter drive in different compressors and other electronic equipments to reduce power consumption.
- vii) Energy saving spindles retrofitted in Ring Frames.

**b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:**

Your Company is considering the investment required to implement the suggestions of energy conservation study conducted by North India Textile Research Association (NITRA) and also intends to install energy efficient upgraded machineries, equipments and technologies in place of old machineries. Awareness drives at all levels are made by the Company for economic use and conservation of energy.

**c) Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:**

The above measures have resulted in efficient use of energy and saving of energy. However, due to steep increase in the cost of rice husk, petroleum products and other inputs, the overall cost of production has increased.

**d) Disclosure of Particulars with respect to conservation of energy:****FORM A****A. Power & Fuel Consumption**

	2012	2011
<b>1. Electricity</b>		
<b>a) Purchased</b>		
Unit	3,55,40,909	3,58,64,155
Total Amount (Rs. in lakhs)	2,157.91	1,993.77
Rate/Unit (Rs.)	6.07	5.56
<b>b) Own Generation</b>		
<b>i) Through Diesel Generator (Unit)</b>	73,57,472	25,62,553
Unit per litre of diesel oil	3.26	3.11
Cost/Unit (Rs.)	12.07	12.05
<b>ii) Through Gas Gen Set (Unit)</b>	10,49,401	10,29,666
Unit per (S.Cu.M.)	1.20	1.41
Cost/Unit (Rs.)	5.46	4.67
<b>iii) Through Steam Turbine (Unit)</b>	2,66,79,200	4,15,56,951
Unit per M.T.	998	947
Fuel Cost/Unit (Rs.)	4.69	3.65



	2012	2011
<b>2. a) Coal (Grade B Coal used in Drier)</b>		
Quantity (M.T.)	5,809	5,910
Total Cost (Rs. in lakhs)	282.54	245.48
Average Rate (Rs./M.T.)	4,863.51	4,153.78
<b>b) Coal (Grade B Coal used in Boiler)</b>		
Quantity (M.T.)	1,373	1,436
Total Cost (Rs. in lakhs)	98.59	53.33
Average Rate (Rs./M.T.)	7,180.22	3,712.90
<b>3. Furnace Oil</b>		
Quantity (K. Ltr.)	1.60	1.69
Total Cost (Rs. in lakhs)	73.06	61.81
Average Rate (Rs./Ltr.)	45.63	36.52
<b>4. Others/internal generation</b>		
<b>a) Natural Gas</b>		
Quantity (S.Cu.M.)	20,68,937	21,10,701
Total Cost (Rs. in lakhs)	106.45	96.91
Rate/Unit (Rs./S.Cu.M.)	5.15	4.59
<b>b) Husk</b>		
Quantity (M.T.)	26,728	43,860
Total Cost (Rs. in lakhs)	1,251.48	1,515.92
Average Rate (Rs./kg.)	4,682.29	3,456.26
<b>c) Jute Caddies</b>		
Quantity (M.T.)	1,427	1,670
Total Cost (Rs. in lakhs)	10.32	12.82
Average Rate (Rs./Kg.)	722.91	767.74

**B. Consumption per unit of production (Standard, if any - )**

<b>1. Tea</b>		
Production (Gross) (M.T.)	9,152	9,006
Electricity Unit (Unit per M.T.)	946	954
Coal (Kgs per M.T.)	635	656
Furnace Oil (Ltrs. Per M.T.)	18	19
Natural Gas (C.M. per M.T.)	226	234
<b>2. Cotton and Man-made Fibre Yarn</b>		
Production (M.T.)	15,066	19,292
Electricity (Unit per M.T.)	4,038	3,690
Husk (Kgs per M.T.)	2,712	3,635
Coal (Kgs per M.T.)	73	43
Jute Caddies (Kgs per M.T.)	274	231
<b>3. Steel Structural</b>		
Production (M.T.)	1,750	3,477
Electricity (Unit per M.T.)	113	56
<b>4. Lead Oxides</b>		
Production (M.T.)	3,666	3,895
Electricity (Unit per M.T.)	176	185
Coal (Kgs per M.T.)	222	230
<b>5. White Lead, Lead Salts &amp; Metallic Stearates</b>		
Production (M.T.)	426	434
Electricity (Unit per M.T.)	288	344
Coal (Kgs per M.T.)	423	457

**B. TECHNOLOGY ABSORPTION****(e) Efforts made in technology absorption :  
FORM B****Research and Development (R & D)**

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

Your Company subscribes to various Trade Associations viz., South India Textile Research Association (SITRA), North India Textile Research Association (NITRA) and Tea Research Association (TRA). R & D activities are primarily concentrated on the improvement and up-gradation of the products of the Company.

The advices and suggestions of the aforesaid Associations are pursued and implemented, which helps in optimizing production and improvement of quality of the products.

Research & Development would continue to be a focus area and in order to improve the productivity and quality of products, your Company plans to procure and install innovative technologies and latest machineries, as and when required. The Company intends to actively participate in the development of advanced products and reduction of carbon footprints.

Nil  
Rs. 9,99,704.00  
Rs. 9,99,704.00  
0.02

**Technology absorption, adaptation & innovation**

1. Efforts, in brief, made towards technology absorption, adaptation and innovation
2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, Import substitution etc.:
3. Details of Imported technology:

- i) Engineering (MICCO) Division of your Company has absorbed substantial portion of technology while working with world leaders in Gasholders and Furnaces, which allows the Company to carry out vital technological work indigenously.
  - ii) Installation of latest irrigation and rain water harvesting system in the Tea Gardens.
  - iii) Installation of latest machines/equipments viz.,
    - a) seiger make Auto Doffing System in ring frame, mixing bale opener and two nos. T.F.O. machines of 168 spindles each at Akbarpur, Punjab.
    - b) high speed suspended type flier simplex machine of 120 spindles, high speed assembly winding machine with LMD and electronic stop motion at Champdany, West Bengal.
  - i) Indigenization in the field of design, engineering and installation reduces the overall cost, increases competitiveness and helps in reducing foreign exchange outflow.
  - ii) Proper and efficient use of water increases productivity due to less dependency on rainfall.
  - iii) Improvement in productivity, conservation of energy and overall improvement in the quality of products.
- No technology has been imported by the Company during the last five years.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO****f) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:**

Your Company is making continuous efforts to increase the present export markets and to develop new markets. The Exports during the year increased by 13.95% compared to previous year. Constant efforts are made to produce quality products, which are acceptable in overseas markets.

**g) Total foreign exchange used and earned.**

	(Rs. in lakhs)	
	2012	2011
Foreign exchange earned	86,70.24	76,08.30
Foreign exchange used	19,31.90	45,49.98

For and on behalf of the Board

A. K. Kothari  
Chairman

Kolkata, May 29, 2012.



## REPORT ON CORPORATE GOVERNANCE

*[In accordance with Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) and The Calcutta Stock Exchange Limited (CSE) with respect to the financial year ended March 31, 2012]*

The Directors present the Company's Report on Corporate Governance.

### Company's philosophy on Corporate Governance

The Company believes that good Corporate Governance means the adoption of best practices to ensure that the Company operates not only within the regulatory framework but is also guided by the broader business ethics. The Company's policy is reflected by the very values of transparency, professionalism and accountability. The adoption of business and corporate practices based on transparency, professionalism and accountability, besides creating wealth for the shareholders, benefits the customers, creditors, employees, government and society at large.

The Company believes in meaningful policy on Corporate Governance by empowering the executive management and creating a mechanism of checks and balances to ensure that the decision making powers vested in the executive management are used with care and responsibility to meet the stakeholders' aspirations and societal expectations.

### I. Board of Directors (hereinafter referred to as the 'Board')

#### (A) Composition

Your Company's Board presently comprises of 8 (Eight) Directors, 4 (Four) of whom are Non-Executive Independent Directors, 2 (Two) of whom are Non – Executive Promoter Directors, 1 (one) of whom is Non-Executive Non-Independent Director and 1 (One) of whom is Whole time Director with considerable experience in their respective fields.

#### (B) Non-Executive Directors' Compensation and Disclosures

All remuneration paid to the Non-executive Directors and Independent Directors are paid only after the approval of the Board and members of the Company. At present, the sitting fees paid for attending a meeting of the Board of Directors or its Committees is Rs.7,500/-. Details of sitting fees paid to them are given at respective places in this Report. In accordance with the resolution passed by the members at the Annual General Meeting held on September 07, 2010 the Non-Executive

Directors of the Company are also entitled to commission for a period of 5 (five) years commencing from the financial year ended March 31, 2010 at a rate not exceeding 1% (one percent) per annum of the net profits of the Company.

#### (C) Other Provisions as to Board and Committees

Your Company's Board plays an important role in ensuring good corporate governance and functioning of the Company. All information, as applicable, and specified in Annexure IA to Clause 49 of the above-mentioned Listing Agreements with the Stock Exchanges is regularly placed before the Board. Agenda and Notes on Agenda are circulated to the Directors in advance before each meeting of the Board.

The Members of the Board have complete freedom to express their opinion and the decisions are taken after detailed discussions.

The Board meets at least once in a quarter to review and approve the quarterly financial results and operations of your Company. Apart from the above, Board Meetings are convened as and when required by giving proper notice. The intervening period between two Board Meetings is well within the maximum gap of four months prescribed under Clause 49 of the Listing Agreement with Stock Exchanges.

During the year under review, the Board met 4 (Four) times. The details of Board Meetings held during the financial year 2011-2012 are as under:

S. N.	Date of Board Meeting	City	No. of Directors Present
1.	May 30, 2011	Kolkata	8
2.	August 12, 2011	Kolkata	6
3.	November 14, 2011	Kolkata	7
4.	February 14, 2012	Kolkata	8



The details of the Directors with regard to the outside Directorships and Committee positions, as well as Board Meetings/Annual General Meeting (AGM) are as follows:

S. N.	Name of Director	Category of Director	Attendance during 2011-2012		No. of Outside Directorship/ Chairperson of the outside Board *	No. of Membership(s)/ Chairmanship(s) in Outside Committee #
			Board Meetings	Last AGM held on 12.08.11		
1.	Mr. A. K. Kothari	Non-Executive Promoter Chairman	4	Yes	7 (1 as Chairman)	3
2.	Smt. P. D. Kothari	Non-Executive Promoter	4	Yes	5	NIL
3.	Mr. P. K. Khaitan	Non-Executive Non-Independent	No	No	14	2
4.	Mr. J. N. Godbole	Non-Executive Independent	3	Yes	13	9 (2 as Chairman)
5.	Mr. H. P. Kanoria	Non-Executive Independent	2	No	2	NIL
6.	Mr. S. Lahiri (Resigned w.e.f. February 14, 2012)	Non-Executive Independent	2	No †	1	1
7.	Mr. H. M. Parekh	Non-Executive Independent	4	Yes	8	7 (2 as Chairman)
8.	Mr. N. Pachisia (Appointed as an Additional Director w.e.f. August 16, 2011)	Non-Executive Independent	2	N.A.	8	6
9.	Mr. D. K. Sharda (Designated as Managing Director & CEO with effect from May 29, 2012)	Managing Director & CEO	4	Yes	2	NIL
10.	Mr. A. Mallick (Resigned from the close of business on March 31, 2012)	Executive Director & CEO	4	Yes	NIL	NIL

- \* The Directorships held by Directors as mentioned above includes only Indian Public Limited Companies and do not include Alternate Directorships, Directorships in foreign companies, companies registered under Section 25 of the Companies Act, 1956 and private limited companies.
- # Memberships/Chairmanships of only the Audit Committee and Shareholders'/Investors' Grievance Committee of Indian public limited companies have been considered.
- † Mr. S. Lahiri, the then Chairman of the Audit Committee could not attend the meeting due to illness.

#### (D) Code of Conduct

- 1) The Code of Conduct as adopted by the Board of Directors is applicable to its Directors and Core Management representing all Executives from the 'General Manager' Grade and above. The Code of Conduct attempts to set forth the guiding principles on which the Company shall operate and, conduct its daily business with its multitudinous stakeholder's

viz. shareholders, customers, creditors, employees, government, regulatory agencies, media and society at large. The Code is available on the Company's website at [www.gillandersarbuthnot.com](http://www.gillandersarbuthnot.com).

- 2) Declaration as required under Clause 49(I)(D)(ii) with respect to financial year ended on 31st March, 2012, signed by the Managing Director & CEO has been provided to the Board and is reproduced as Annexure 1.



## II. Audit Committee

### A) Composition

Your Company has an Audit Committee with the powers and the role that are in accordance with Clause 49(II)(C), 49(II)(D) and 49(II)(E) of the Listing Agreement and Section 292A of the Companies Act, 1956, which acts as a link between the management, the statutory auditor, branch auditors, cost auditors and internal auditors and the Board of Directors and oversees the financial reporting process.

At present, the composition of the Audit Committee is as follows:

S.N.	Name of the Director	Category	Designation
1.	Mr. H. M. Parekh#	Non Executive Independent	Chairman
2.	Mr. A. K. Kothari	Non Executive Promoter	Member
3.	Mr. J. N. Godbole	Non Executive Independent	Member
4.	Mr. N. Pachisia*	Non Executive Independent	Member

# Mr. S. Lahiri resigned from the Audit Committee w.e.f. February 14, 2012 and Mr. H. M. Parekh, who was a member of the said Committee, was appointed as Chairman w.e.f. February 14, 2012.

\* Mr. N. Pachisia has been appointed as a member of the Audit Committee w.e.f. February 14, 2012.

The Statutory, as well as the Internal Auditors and the Joint President & CFO of the Company are also invited to the Audit Committee Meetings, as and when required. The Company Secretary acts as the Secretary to the Committee. The Chairman of the Audit Committee could not be present at the Annual General Meeting of the Company held on August 12, 2011 due to illness.

### (B) Meetings of the Audit Committee

During the year under review, the Audit Committee met 4 (four) times on May 30, 2011, August 12, 2011, November 14, 2011 and February 14, 2012 to deliberate on various matters. The details of the composition, attendance and sitting fees paid are as follows:

S. N.	Name of the Member	No. of Meetings attended	Sitting fees paid (Rs.)
1.	Mr. S. Lahiri (Resigned as Chairman w.e.f. February 14, 2012)	2	15,000
2.	Mr. A. K. Kothari	4	30,000
3.	Mr. J. N. Godbole	3	22,500
4.	Mr. H. M. Parekh (Appointed as Chairman w.e.f. February 14, 2012)	4	30,000
5.	Mr. N. Pachisia (Appointed w.e.f. February 14, 2012)	-	-

### (C) Powers of Audit Committee

The audit committee is endowed with the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

### (D) Role of Audit Committee

The role of the audit committee includes the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditor for any other services rendered by the statutory auditor.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries involving estimates based on the exercise of judgment by the management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications, if any, in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, reporting structure, coverage and frequency of internal audit.
9. Discussion with internal auditors on any significant findings and follow up thereon.



10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditor before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. Approval of appointment of Chief Financial Officer (CFO) after assessing the qualifications, experience, background etc. of the candidate.
14. Recommending to the Board, the appointment / re-appointment of Cost Auditors.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### (E) Review of information by Audit Committee

The Audit Committee reviews the following information:

1. Management discussion and analysis of financial condition and results of operations.
2. Statement of significant related party transactions submitted by the management.
3. Management letters / letters of internal control weaknesses issued by the statutory auditor.
4. Internal audit reports relating to internal control weaknesses.
5. The appointment, removal and terms of remuneration of the Internal Auditors.

### III. Subsidiary Companies

Your Company does not have any subsidiary Company and hence Clause 49(III) of the above-mentioned Listing Agreements is not applicable to the Company.

### IV. Disclosures

#### (A) Basis of Related Party transactions

Your Company places all the details of related party transactions

Details of total remuneration paid to all the Directors of your Company for the year ended March 31, 2012 are as follows:

(Rs. in lakhs)

S. N.	Name	Salary & Allowances	Contribution to Provident & Other Funds	Leave Encashment on Retirement	Perquisites	Sitting Fees	Commission	Total
1.	Mr. A. K. Kothari	N.A.	N.A.	N.A.	N.A.	1.28	-	1.28
2.	Smt. P. D. Kothari	N.A.	N.A.	N.A.	N.A.	1.28	-	1.28
3.	Mr. P. K. Khaitan	N.A.	N.A.	N.A.	N.A.	0.45	-	0.45
4.	Mr. J. N. Godbole	N.A.	N.A.	N.A.	N.A.	0.45	-	0.45
5.	Mr. H. P. Kanoria	N.A.	N.A.	N.A.	N.A.	0.23	-	0.23
6.	Mr. S. Lahiri	N.A.	N.A.	N.A.	N.A.	0.30	-	0.30
7.	Mr. H. M. Parekh	N.A.	N.A.	N.A.	N.A.	1.20	-	1.20
8.	Mr. N. Pachisia	N.A.	N.A.	N.A.	N.A.	0.15	-	0.15
9.	Mr. D. K. Sharda	21.60	2.59	N.A.	3.32	N.A.	N.A.	27.51
10.	Mr. A. Mallick	17.40	2.09	21.19	4.11	N.A.	N.A.	44.79
	Total	39.00	4.68	21.19	7.43	5.34	-	77.64

(N.A. indicates Not Applicable)

before the Audit Committee periodically. A comprehensive list of related party transactions as required by the Accounting Standard (AS) 18 prescribed under the Companies Act, 1956, forms part of Note No. 34 to the financial statements in the Annual Report. These transactions are not likely to have any conflict with the interests of the Company at large.

#### (B) Disclosure of Accounting Treatment

Your Company has followed all relevant Accounting Standards while preparing the Financial Statements.

#### (C) Risk Management

The Executive Management reviews the operation/performance of all the Divisions including assessment of risks involved and procedures of minimization thereof at regular intervals with the heads of different divisions and the members of the Board and the Audit Committee are apprised of these. Recommendations/ suggestions, if any of the Board/Audit Committee is communicated to the divisional heads and implementation thereof are monitored by the Executive Management.

#### (D) Proceeds from public issues, rights issues, preferential issues etc.

During the year under review, the Company has not raised any proceeds from public issue, right issue or preferential issue.

#### (E) Remuneration to Directors

Remuneration of the Whole time Directors of the Company are recommended by the Remuneration Committee and thereafter approved by the Board subject to the approval of the members of the Company. The details of the Remuneration Committee have been mentioned under the head 'Other Board Committees' of this report.

Non Executive Directors are entitled to sitting fees for attending the meetings of the Board and Committees thereof. The present sitting fees is Rs.7,500/- for attending each meeting of the Board or Committee thereof. Commissions to the Non-Executive Directors are paid on availability of profits depending on their involvement in the affairs of the Company, subject to the limits laid down in the Companies Act, 1956 and by the members of the Company at the Annual General Meeting held on September 07, 2010.



The Board of Directors of the Company at their meeting held on February 14, 2012 has re-appointed Mr. D. K. Sharda as the Managing Director of the Company for a period of 1 (one) year w.e.f. April 01, 2012. The Board of Directors at their meeting held on May 29, 2012 has designated Mr. D. K. Sharda as Managing Director and Chief Executive Officer (CEO) of the Company. The said re-appointment is subject to the approval of the members of the Company.

No significant/material transactions have been made with the Non-Executive Directors vis-a-vis the Company.

All Non-Executive Directors have disclosed their shareholding in the Company. Details of shareholding of Non -Executive and/or Independent Directors are as follows:

S. N.	Name of Director	No. of Ordinary (Equity) Shares held as on March 31, 2012
1.	Mr. A. K. Kothari	1,25,287
2.	Smt. P. D. Kothari	67,875
3.	Mr. P. K. Khaitan	NIL
4.	Mr. J. N. Godbole	NIL
5.	Mr. H. R. Kanoria	NIL
6.	Mr. S. Lahiri (Resigned from Board of Directors w.e.f. February 14, 2012)	NIL
7.	Mr. H. M. Parekh	NIL
8.	Mr. N. Pachisia (Appointed as Additional Director w.e.f. August 16, 2011)	NIL

#### (F) Management

- 1) The Management Discussion and Analysis Report forms part of the Annual Report and are in accordance with the requirements of Clause 49 of the Listing Agreement.
- 2) No material financial and commercial transactions have been made by the Senior Management having personal interest which may have a potential conflict with the interest of the Company at large.

#### (G) Shareholders

- 1) The Company has provided the details of the Directors seeking appointment/re-appointment (as per the requirement of Clause 49 of the listing agreements) in the Notice convening the Annual General Meeting of the Company. Mr. J.N. Godbole and Mr. A.K. Kothari, retire by rotation at the ensuing Annual General Meeting, and are eligible for re-election.
- 2) Out of all the Directors of your Company, only Mr. A. K. Kothari and Smt. P. D. Kothari are related to each other.
- 3) Quarterly results are regularly sent to stock exchanges where the Ordinary Shares of the Company are listed and are also put on the Company's website.
- 4) Share Transfer & Shareholders'/Investors' Grievance

Committee has been renamed as Shareholders'/Investors' Grievance Committee w.e.f. November 14, 2011.

The Shareholders'/Investors' Grievance Committee specifically look into various matters relating to shareholders/investors, including non-receipt of annual report, non- receipt of declared dividends, as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

At present, the Shareholders' / Investors' Grievance Committee comprises of the following Directors viz., Mr. H. M. Parekh (Non-Executive Independent Director) as Chairman and Mr. A. K. Kothari, Smt. P. D. Kothari, Mr. P. K. Khaitan and Mr. D. K. Sharda as other members of the Committee. Mr. D. Karmakar, Company Secretary acts as the Compliance Officer. The said Committee met 8 (Eight) times during the year on April 29, 2011, May 26, 2011, June 24, 2011, July 22, 2011, August 03, 2011, September 02, 2011, September 29, 2011 and October 25, 2011. Details of the attendance and sitting fees paid are as follows:

S. N.	Name of the Member	No. of Meetings Attended	Sitting fees paid (Rs.)
1.	Mr. H. M. Parekh	7	52,500
2.	Mr. A. K. Kothari	5	37,500
3.	Smt. P. K. Kothari	7	52,500
4.	Mr. P. K. Khaitan	6	45,000
5.	Mr. D. K. Sharda	7	N.A.

During the year the Company received 40 (Forty) complaints regarding non-receipt of Annual Report/ Share Certificate/Dividend from the shareholders, all of which were attended satisfactorily. There was no investor complaint pending against the Company as on March 31, 2012 on SCORES, the web based complaint redressal system of SEBI.

- 5) The Board of Directors at their meeting held on November 14, 2011 has authorized the Managing Director (now Managing Director & CEO), Joint President & CFO and the Company Secretary to approve the Transfer / Transmission / Sub-division / Consolidation/ Renewal/ Replacement / Issue of Duplicate Share Certificate(s) / Deletion of Name(s) and Dematerialization / Rematerialization of shares of the Company.

#### 6) Compliances by the Company

No strictures/penalties have been imposed on the Company by the Stock Exchanges or the Securities and Exchange Board of India (SEBI) or any Statutory Authority on any matters related to capital markets during the last 3 years.

#### V. CEO and CFO Certification

The Managing Director & CEO and the Joint President & CFO of the Company give annual certification on financial reporting and



internal controls to the Board in terms of Clause 49. They also give quarterly certification on financial results while placing the financial results before the Board in terms of Clause 41 of the Listing Agreement.

#### VI. Report on Corporate Governance

- 1) This Corporate Governance Report forms part of the Annual Report. The Company is compliant with all the applicable provisions of Clause 49 of the Listing Agreement with the Stock Exchanges in India.
- 2) Your Company regularly submits quarterly compliance report to the stock exchanges within 15 days from the close of each quarter, as per the requirement of Clause 49 of the above-mentioned listing agreements.

#### VIII. General Body Meetings

##### 1) Location and time for last three Annual General Meetings (AGM) :

Financial Year	Date of AGM	Venue	Time
2010-2011 (77th AGM)	12.08.2011	Williamson Magor Hall of The Bengal Chamber of Commerce & Industry Kolkata-700 001.	11.30 A.M.
2009-2010 (76th AGM)	07.09.2010	Williamson Magor Hall of The Bengal Chamber of Commerce & Industry Kolkata-700 001.	11.30 A.M.
2008-2009 (75th AGM)	27.08.2009	Williamson Magor Hall of The Bengal Chamber of Commerce & Industry Kolkata-700 001.	11.30 A.M.

- 2) In the previous 3 (three) AGMs, special resolution was passed only in the AGM held on September 07, 2010, for payment of commission to Non – Executive Directors of the Company.
- 3) During the financial year 2011-2012, 3 (three special) resolutions as well as 2 (two ordinary) resolutions have been passed through postal ballot by the members of the Company for according consent to the Board of Directors to various matters pursuant to Section 31, 293(1)(e), 293(1)(d) and 372(A) respectively. The Postal Ballot

process was carried out following the procedure set out in Section 192A of the Companies Act, 1956 read with the Companies (The Passing of Resolution by Postal Ballot) Rules, 2011. Mr. D. K. Sharda, Managing Director and Mr. D. Karmakar, Company Secretary of the Company were responsible for the conduct of the postal ballot process. CS Deepak Kumar Khaitan, Practising Company Secretary, was appointed as the Scrutinizer. The Result of the Postal Ballot conducted vide notice dated November 14, 2011 was declared on January 04, 2012 as follow (voting pattern) :

Item No.	Resolutions	No. of Votes Cast (For) No. of Shares	No. of Votes cast (Against) No. of Shares
1.	Special Resolution under Section 31 of the Companies Act, 1956 (Item No.1)	14641241	4402
2.	Special Resolution under Section 31 of the Companies Act, 1956 (Item No.2)	14641915	3091
3.	Ordinary Resolution under Section 293(1)(e) of the Companies Act, 1956 (Item No.3)	14640868	4300
4.	Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 (Item No.4)	14637646	7522
5.	Special Resolution under Section 372A of the Companies Act, 1956 (Item No.5)	14641276	3892

- 4) As on date an ordinary resolution under Section 293(1)(a) is proposed to be conducted through postal ballot.



#### IX. Means of Communication

- 1) The half-yearly/quarterly financial results in the proforma prescribed under the above-mentioned Listing Agreements are approved by the Board of Directors and thereafter intimated to the Stock Exchanges and also published in the leading newspapers like Economic Times/Financial Express/Business Standard/ Business Line in English and in Aajkal in Bengali. The results are also available in the Company's website at [www.gillandersarbuthnot.com](http://www.gillandersarbuthnot.com)
- 2) Quarterly/half yearly reports are not being sent to the shareholders.

#### X. General Shareholder Information

1) Date, Time and Venue of the Annual General Meeting	August 13, 2012 at 11-00 A.M. at the Williamson Magor Hall of the Bengal Chamber of Commerce and Industry, Kolkata-700 001
2) Financial Calendar 2012-2013 (tentative and subject to change)	<ul style="list-style-type: none"> <li>• Financial Year: April to March</li> <li>• First Quarter Results: by second week of August, 2012</li> <li>• Half Yearly Results: by second week of November 2012</li> <li>• Third Quarter Results: by second week of February 2013</li> <li>• Audited results for the year ending 31st March, 2013 : by last week of May, 2013</li> </ul>
3) Book Closure Period	August 03, 2012 to August 13, 2012 (both days inclusive)
4) Dividend Payment Date	Third week of August, 2012
5) Listing on Stock Exchanges	<ul style="list-style-type: none"> <li>i) The Calcutta Stock Exchange Ltd., (CSE) 7 Lyons Range, Kolkata-700 001.</li> <li>ii) Bombay Stock Exchange Ltd., (BSE) P J Towers, Dalal Street, Mumbai- 400 001.</li> <li>iii) National Stock Exchange of India Ltd., (NSE) Exchange Plaza, Bandra Kurla Complex Bandra (E), Mumbai - 400 051</li> </ul>
6) Stock Code	CSE-17321 & 10017321 BSE-532716 NSE-GILLANDERS

#### 7) Stock Market Price and BSE Sensex for the financial year under review #

Months	Stock Price at BSE		Stock Price at NSE		BSE SENSEX	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)	High	Low
April 2011	117.00	104.55	116.90	104.35	19,811.14	18,976.19
May 2011	114.10	99.50	113.00	99.10	19,253.87	17,786.13
June 2011	114.80	100.00	114.40	98.15	18,873.39	17,314.38
July 2011	116.90	102.05	116.70	101.35	19,131.70	18,131.86
August 2011	109.00	80.60	108.65	80.05	18,440.07	15,765.53
September 2011	98.95	82.20	96.00	83.00	17,211.80	15,801.01
October 2011	92.00	81.10	90.00	81.00	17,908.13	15,745.43
November 2011	93.00	68.50	97.00	68.05	17,702.26	15,478.69
December 2011	76.95	59.55	73.30	59.55	17,003.71	15,135.86
January 2012	74.00	59.70	76.95	59.10	17,258.97	15,358.02
February 2012	88.40	69.00	88.40	68.35	18,523.78	17,061.55
March 2012	72.50	60.05	73.50	65.85	18,040.69	16,920.61

# Source BSE & NSE websites.



8) Registrars & Share Transfer Agent (Both Physical & Demat Segments)	<b>Maheshwari Datamatics Pvt. Ltd.,</b> (Unit : Gillanders Arbuthnot and Company Limited) 6, Mangoe Lane, (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata - 700 001.																																																					
9) Share Transfer System	Requests for transfer of shares in physical form received either at the office of the Company or at the Office of the Registrars are generally approved within a maximum period of 3 weeks from the date of receipt provided the documents are complete in all respects. Dematerialization requests are also normally disposed off within an average period of 3 weeks.																																																					
<b>10) Distribution of Shareholding as on March 31, 2012</b>																																																						
<table border="1"> <thead> <tr> <th>Ordinary Shares held</th> <th>Number of Shareholders</th> <th>Percentage of Shareholders</th> <th>Number of Shares</th> <th>Percentage of Shares</th> </tr> </thead> <tbody> <tr> <td>1-500</td> <td>14,621</td> <td>90.0918</td> <td>12,48,996</td> <td>5.8522</td> </tr> <tr> <td>501-1000</td> <td>812</td> <td>5.0034</td> <td>6,13,303</td> <td>2.8736</td> </tr> <tr> <td>1001-2000</td> <td>394</td> <td>2.4278</td> <td>5,67,441</td> <td>2.6588</td> </tr> <tr> <td>2001-3000</td> <td>146</td> <td>0.8996</td> <td>3,75,917</td> <td>1.7614</td> </tr> <tr> <td>3001-4000</td> <td>49</td> <td>0.3019</td> <td>1,69,571</td> <td>0.7945</td> </tr> <tr> <td>4001-5000</td> <td>51</td> <td>0.3143</td> <td>2,34,795</td> <td>1.1001</td> </tr> <tr> <td>5001-10000</td> <td>76</td> <td>0.4683</td> <td>56,2471</td> <td>2.6355</td> </tr> <tr> <td>10001 and above</td> <td>80</td> <td>0.4929</td> <td>1,75,69,852</td> <td>82.3239</td> </tr> <tr> <td><b>Total</b></td> <td><b>16,229</b></td> <td><b>100.00</b></td> <td><b>2,13,42,346</b></td> <td><b>100.00</b></td> </tr> </tbody> </table>	Ordinary Shares held	Number of Shareholders	Percentage of Shareholders	Number of Shares	Percentage of Shares	1-500	14,621	90.0918	12,48,996	5.8522	501-1000	812	5.0034	6,13,303	2.8736	1001-2000	394	2.4278	5,67,441	2.6588	2001-3000	146	0.8996	3,75,917	1.7614	3001-4000	49	0.3019	1,69,571	0.7945	4001-5000	51	0.3143	2,34,795	1.1001	5001-10000	76	0.4683	56,2471	2.6355	10001 and above	80	0.4929	1,75,69,852	82.3239	<b>Total</b>	<b>16,229</b>	<b>100.00</b>	<b>2,13,42,346</b>	<b>100.00</b>				
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12) Dematerialisation of Shares and Liquidity	<p>The shares of the Company are available for trading in the dematerialized form under both the Depository Systems in India - National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL). The annual custody fees for the financial year 2012-13 have been paid to NSDL and CDSL, the Depositories. Trading in Company's shares can now be done only in the dematerialized form. As on March 31, 2012, 2,04,36,158 Ordinary Shares representing 95.75% of the total Ordinary Share Capital of the Company were held in dematerialized form.</p> <p>The International Securities Identification Number (ISIN) of the Company, as allotted by NSDL and CDSL is INE047B01011.</p>																																																					



13) Outstanding ADRs/GDRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	Not applicable
14) Plant Locations	<p><b>1. Tea Division :</b></p> <p>a) Betjan Tea Estate, Post Office : Makum Junction, District : Tinsukia, Assam. Pin - 786170</p> <p>b) Jutibari Tea Estate, Post Office : Hoogrijan, District : Dibrugarh, Assam. Pin - 786601</p> <p>c) Gorunga Tea Estate, Post Office : Golaghat, District : Golaghat, Assam. Pin - 785621</p> <p>d) Arun Tea Estate, Post Office : Dhekiajuli, District : Sonitpur, Assam. Pin - 784110</p> <p>e) Dooria Tea Estate, Post Office : Golaghat, District : Golaghat, Assam. Pin - 785621</p> <p>f) Tengpani Tea Estate, P.O. - Makum JN., Dist. - Tinsukia, Assam. Pin - 786170</p> <p>g) Borkatonee Tea Estate, P.O. Golaghat, District : Golaghat, Assam. Pin - 785621</p> <p>h) Dherai Tea Estate, P.O. Dhekiajuli, District : Sonitpur, Assam. Pin - 784110</p> <p>i) Gairkhata Tea Estate, Post Office : Gairkhata, District : Jalpaiguri, W.B. Pin - 735212</p> <p>j) Taipoo Tea Estate, Post Office : Bagdogra, District : Darjeeling, W. B. Pin - 734 422</p> <p>k) Banwaripur Tea Factory, (Tea Processing Factory taken on lease), P.O. Golaghat, District : Golaghat, Assam. Pin - 785621</p> <p><b>2. Textile Division :</b></p> <p>(i) North India Spinning Mill, Vill. - Akbarpur, Ahmedgarh - 148021 District - Sangrur, Punjab.</p> <p>(ii) GIS Cotton Mill, 47, G. T. Road, Champdany, P.O. Baidyabati Dist.: Hooghly, W.B. Pin - 712222</p> <p><b>3. Engineering (MICCO) Division :</b> Sodepur, Ekford Road, 24 Parganas (North), W.B.</p> <p><b>4. Chemical (Waldies) Division :</b> 70, G. T. Road (East), P. O. Konnagar, Dist. Hooghly - 712235. W.B.</p>
15) Address for Communication	<p>Gillanders Arbuthnot and Company Limited, Secretarial Department, C-4, Gillander House, Netaji Subhas Road, Kolkata – 700 001 Phone : (033) 2230 2331(6), 2230 4182 (4), Fax : 033-2230 4185 email: secretarial@gillandersarbuthnot.com</p> <p><b>(Investors are requested to forward their Complaints/Grievances, if any, to the above e-mail address)</b></p> <p><b>Registrar and Share Transfer Agent :</b> Maheshwari Datamatics Pvt. Ltd., (Unit : Gillanders Arbuthnot and Company Limited) 6, Mangoe Lane (Surendra Mohan Ghosh Sarani), 2nd Floor, Kolkata – 700 001. Phone : (033) 2248 2248, 2243 5029 Fax : 033-2248 4787 E-mail : mdpl@cal.vsnl.net.in</p>



	Name of Division	Name of Cost Auditor	Due Date of filing of Cost Audit Reports for 2010-11	Actual Date of filing
16) Cost Audit	Textile Division - North India Spinning Mill (NISM)	M/s. S. Gupta & Co., Kolkata	September 27, 2011	September 26, 2011
	Textile Division - GIS Cotton Mill	M/s. S. Gupta & Co., Kolkata	September 27, 2011	September 27, 2011
	Tea - Arun, Betjan, Borkatonee, Dherai, Dooria, Gorunga, Jutlibari & Tengpani Tea Estates and Banwaripur Tea Factory	M/s. B. Ray & Associates, Kolkata	September 27, 2011	September 26, 2011
	Tea - Taipoo & Gaikhata Tea Estates	M/s. DGM & Associates, Kolkata	September 27, 2011	September 26, 2011
	Chemical (Waldies)	M/s. S. Gupta & Co., Kolkata	September 27, 2011	September 26, 2011

#### XI. Other Board Committees

##### 1) Remuneration Committee

The Remuneration Committee constituted by the Company to discharge the role envisaged in Clause 49 of the Listing Agreement and to ensure compliance of the related provisions of the Companies, Act, 1956 with respect to determination of remuneration package for Managing Director/Executive Directors.

Mr. H. R. Kanoria is the Chairman of the Remuneration Committee. The Remuneration Committee met once during the year on February 14, 2012. Details of the composition, attendance and sitting fees paid are as follows:

S. N.	Name of the Member	Attendance	Sitting fees paid (Rs.)
1.	Mr. H. R. Kanoria	Yes	7,500
2.	Mr. A. K. Kothari	Yes	7,500
3.	Smt. P. D. Kothari	Yes	7,500
4.	Mr. P. K. Khaitan	No	NIL
5.	Mr. H. M. Parekh	Yes	7,500

##### 2) Finance Committee

The Finance Committee of the Board of Directors of the Company have been delegated powers/authorities by the Board of Directors under Section 292(1)(c),(d) and (e) of the Act, subject to certain limits. At present, Mr. A. K. Kothari is the Chairman of the Committee and Smt. P. D. Kothari, Mr. D. K. Sharda of the Company are the other members of the said Committee. Mr. A. Mallick was also a member of the said Committee prior to his resignation from the Board from the close of business on March 31, 2012. Mr. P. K. Jain, Joint President & CFO is a permanent invitee to the Committee and Mr. D. Karmakar, Company Secretary, acts as the Secretary to the Committee. During the year under review, the Finance Committee met 5 (five) times.

#### XII. Other Useful information for Shareholders

##### 1) Unpaid/Unclaimed Dividends

Shareholders who have not yet encashed their dividend warrant(s) for the years 2004-2005 to 2010-2011 may approach the Share Department of the Company for revalidation/issue of duplicate dividend warrants quoting reference of their Ledger Folio numbers. Unclaimed dividend for the year 2004-2005 is due for transfer to IEPF later during the year.

##### 2) Electronic Clearing Service(ECS) / National Electronic Clearing Service (NECS) Facility

Company is providing facility of ECS/NECS for payment of dividend to shareholders residing in selected cities. Shareholders holding shares in physical form are requested to send their ECS/NECS mandate form, duly filled in at the registered office of the



Company or its RTA. ECS/NECS mandate form can be obtained by writing to the Company/ RTA. However, if the shares are held in dematerialized form, the ECS/NECS mandate has to be communicated to the respective Depository Participant (DP) directly. Changes, if any, in the details furnished earlier may also be communicated to the Company or DP, as the case may be.

### 3) Green Initiative in Corporate Governance

In furtherance of the "Green Initiative in the Corporate Governance" initiated by the Ministry of Corporate Affairs, the Company has sent communication to all shareholders requesting them to register their e-mail address with the Company for receiving notice/documents including Annual Report in electronic mode. Shareholders who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Shareholders who hold shares in physical form are requested to register their e-mail id with Maheshwari Datamatics Private Limited, Registrar and Share Transfer Agents of the Company.

For and on behalf of the Board

**A. K. Kothari**  
Chairman

Kolkata, May 29, 2012.

### Annexure 1

#### Declaration as required under Clause 49 of the Listing Agreement

All the Directors and the Core Management of the Company have affirmed compliance with the Company's 'Code of Conduct' for the financial year ended March 31, 2012.

Kolkata, May 29, 2012

**D. K. Sharda**  
Managing Director & CEO

## CERTIFICATE ON CORPORATE GOVERNANCE

### To the Members of Gillanders Arbuthnot And Company Limited

I have reviewed the compliance of conditions of Corporate Governance by Gillanders Arbuthnot and Company Limited having CIN L51909WB1935PLC008194 (hereinafter referred to as 'the Company'), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the Company entered into with Stock Exchanges (BSE, NSE & CSE), with the relevant records and documents maintained by the Company as well as Registrars of the Company and furnished to me.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

**In my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreements in all material respects.**

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

Place : Kolkata  
Kolkata, May 29, 2012

**Name : CS Deepak Kumar Khaitan**  
F.C.S. No. : 5615  
C. P. No. : 5207



## AUDITORS' REPORT

### TO THE MEMBERS OF GILLANDERS ARBUTHNOT AND COMPANY LIMITED

1. We have audited the attached Balance Sheet of Gillanders Arbuthnot And Company Limited ('the Company'), as at 31st March 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. The report on the audit of Engineering (MICCO) Division and GIS Cotton Mill (unit of Textile Division) carried out by Bagree & Co and Dutta Ghosh and Associates respectively has been forwarded to us as required under clause (c) of sub-section 3 of Section 228 of the Companies Act 1956 of India ('the Act') and has been considered in preparing our report.
3. 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 from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to in paragraph 4 above, we report that:
  - 5.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - 5.2 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;
  - 5.3 The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - 5.4 In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Act;
  - 5.5 On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - 5.6 In our opinion and to the best of our information and according to the explanations given to us, the said account read together with the notes thereon and attached thereto give, the information required by the Act in the manner so required and also give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
    - (ii) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
    - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Singhi & Co.  
Firm Registration Number - 302049E  
Chartered Accountants  
**Rajiv Singhi**  
Partner  
Membership No. 053518

Kolkata, 29th May, 2012



## ANNEXURE TO THE AUDITORS' REPORT

[Referred to in paragraph 4 of the Auditors' Report of even date to the members of Gillanders Arbuthnot And Company Limited on the financial statements for the year ended 31st March, 2012]

1. In respect of fixed assets
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the management or by a firm of Chartered Accounts on behalf of management during the year and no material discrepancies between the book records and the physical inventory has been noticed. In our opinion, the frequency of verification is reasonable.
  - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. In respect of its inventories
  - (a) As explained to us, the inventory of the Company (excluding stocks with third parties) has been physically verified during the year by the management or by a firm of Chartered Accountants on behalf of the management during the year. In respect of stock lying with third parties, those have substantially been confirmed by them and/or have been verified with reference to subsequent sale. In our opinion the frequency of such verification is reasonable.
  - (b) In our opinion, and according to the information and explanations given to us the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion, and according to information and explanations given to us the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act and according to information and explanations given to us :
  - (a) The Company has granted unsecured loans aggregating Rs.50 Lakhs to 1 (one) party, and repaid during the year. The maximum amount outstanding during the year was Rs.50 Lakhs.
  - (b) The rate of interest and other terms and conditions of such loans is, in our opinion, *prima facie* not prejudicial to the interest of the Company.
- (c) The receipts of principal amounts have been as per stipulations and there have been no delay in receipts of interests.
- (d) Since, there is no overdue amount of principal and interest, hence clause 4(iii)(d) of the order is not applicable.
- (e) The Company has taken unsecured demand loans aggregating Rs. 613 Lakhs from 6 (Six) parties. At the year-end, the outstanding balance of such loans taken aggregated to Rs. 535 Lakhs and the maximum amount outstanding during the year was Rs. 570 Lakhs.
- (f) In our opinion, the rate of interest and other terms and conditions of such loans are not *prima facie* prejudicial to the interest of the Company.
- (g) The principal amount is due for repayment on demand and the Company has been regular in payment of interest.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sale of the goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Act, to the best of our knowledge and belief and according to the information and explanations given to us :
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where transaction exceeds the value of Rs. 5 Lakhs in respect of each party during the year, the transactions have been made at prices which appear reasonable as per information available with the Company.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.



According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.

7. In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the company and the nature of the business.
8. We have broadly reviewed the cost records maintained by the Company relating to certain products (Tea Plantation, Textile, Chemical and Engineering) pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Act and are of the opinion that *prima facie* the prescribed cost records have been maintained.

We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

9. According to the information and explanations given to us and the records of the Company examined by us :
  - (a) The Company has been generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable, with the appropriate authorities.
  - (b) There were no arrears in respect of the aforesaid dues for a period of more than six months from the date they became payable, except in respect of service tax as stated below :

Name of the Statute	Nature of Dues	Amount (Rs. in lakhs)	Period to which the amount relates
Finance Act, 1994	Service Tax	17.06	June'07 to Aug'11

- (c) The particulars of dues of Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess as applicable as at 31st March, 2012 which

have not been deposited on account of a dispute are as follows –

Name of the Statute	Nature of Dues	Amount involved (Rs. in lakhs)	Period to which the amount relates	Forum where Dispute is Pending
Central Sales Tax Act, 1956	Sales Tax	15.61	2003-04, 2004-05	West Bengal Commercial Taxes Appellate and Revisional Board, Kolkata
		313.17	2004-05, 2005-06, 2006-07 & 2007-08	Sr. Joint Commissioner of Sales Tax, Kolkata
		2.60	2006-07	The Appellate Deputy Commissioner CIT (II)
The West Bengal Sales Tax Act, 1994	Sales Tax	30.25	1996-97 & 1998-99	Deputy Commissioner of Commercial Taxes, Kolkata
		9.78	2003-04 & 2004-05	West Bengal Commercial Taxes Appellate and Revisional Board, Kolkata
		0.82	2001-02	Settlement of Dispute Board
West Bengal Value Added Tax Act, 2005	Sales Tax	184.38	2005-06, 2007-08 & Quarter ended June 2006 & Dec 2006	Sr. Joint Commissioner of Sales Tax, Kolkata
		178.55	Quarter ended Sept 2006 & March 2007	West Bengal Commercial Taxes Appellate and Revisional Board, Kolkata
Bengal Finance (Sales Tax) Act, 1941	Sales Tax	15.66	1985-86	West Bengal Commercial Taxes Appellate and Revisional Board, Kolkata
Orissa Sales Tax Act, 1947	Sales Tax	0.53	1998-99	Additional Commissioner of Sales Tax, Cuttack



Name of the Statute	Nature of Dues	Amount Involved (Rs. in lakhs)	Period to which the amount relates	Forum where Dispute is Pending
Central Sales Tax (Orissa) Rules, 1957	Sales Tax	9.30	1998-99 & 1999-2000	Additional Commissioner of Sales Tax, Cuttack
Central Excise Act, 1944	Excise Duty	34.32	Upto 1987-88	Office of the Commissioner - Central Excise
		63.33	Various periods from 1994-95 to 2007-08	Office of the Additional/Deputy Commissioner of Central Excise
Finance Act, 1994	Service Tax	42.46	2003-04 to 2006-07	Appellate Tribunal, Kolkata
		49.55	2004-05, 2005-06 & 2008-09	CCE (Appeals), Ranchi
		17.75	2006-07 & 2007-08	CCE (Appeals) Bhubaneswar - II
		83.60	2005-06 to 2008-09	Commissioner, Bhubaneswar - I
Income Tax Act, 1961	Income Tax	5.86	1987-88	High Court, Kolkata

10. The Company does not have accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or banks at the Balance Sheet date. The Company had neither any outstanding debenture at the beginning of the year nor has it issued any debenture during the year.
12. According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/societies are not applicable to the Company.
14. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. The company has invested surplus funds in marketable securities and mutual funds. According to the information and explanations given to us, proper records have been maintained of the transactions and contracts relating to purchase of investments and timely entries have been made therein. All the investments have been held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause (xv) of Paragraph 4 of the Order are not applicable to the Company.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures and accordingly the question of creation of securities in this regard does not arise.
20. The Company has not raised any money from public issue during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

Kolkata, 29th May, 2012

For Singhi & Co.  
Firm Registration Number - 302049E  
Chartered Accountants  
**Rajiv Singhi**  
Partner  
Membership No. 053518

**BALANCE SHEET** as at 31st March, 2012

		Rs. in lakhs	
		As at 31st March, 2012	As at 31st March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	23,34.23	23,34.23
Reserves and Surplus	3	1,76,78.37	1,87,47.84
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	71,08.75	71,74.67
Deferred Tax Liabilities (Net)	5	6,10.00	12,60.00
Other Long Term Liabilities	6	23,20.62	28,62.09
<b>Current Liabilities</b>			
Short Term Borrowings	7	1,32,91.06	1,42,84.12
Trade Payables	8	88,65.32	77,77.47
Other Current Liabilities	9	52,03.63	57,58.20
Short Term Provisions	10	15,82.99	23,15.63
<b>Total</b>		<b>5,89,94.97</b>	<b>6,25,14.25</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
11			
i) Tangible Assets		2,23,83.24	2,32,40.44
ii) Intangible Assets		1,33.85	1,79.07
iii) Capital Work-in-Progress		4,05.39	2,01.00
		<b>2,29,22.48</b>	<b>2,36,20.51</b>
Non-Current Investments	12	24.13	2,23.96
Long Term Loans and Advances	13	57,90.85	48,29.19
Other Non-Current Assets	14	24.42	22.15
<b>Current Assets</b>			
Current Investments	15	17,76.08	15,41.84
Inventories	16	1,40,63.99	1,78,58.54
Trade Receivables	17	77,27.39	89,43.30
Cash and Bank Balance	18	3,54.76	3,80.44
Short Term Loans and Advances	19	53,84.11	43,24.50
Other Current Assets	20	9,26.76	7,69.82
<b>Total</b>		<b>5,89,94.97</b>	<b>6,25,14.25</b>
Significant Accounting Policies	1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For Singhi & Co.  
Firm Registration Number - 302049E  
Chartered Accountants  
Rajiv Singhi  
Partner  
Membership No. 053518  
Kolkata, 29th May, 2012

D. K. Sharda  
Managing Director & CEO

D. Karmakar  
Company Secretary

For and on behalf of the Board

A. K. Kothari  
Chairman

P. K. Jain  
Joint President & CFO


**STATEMENT OF PROFIT AND LOSS** for the year ended 31st March, 2012

		Rs. in lakhs	
	Note No.	For the Year Ended 31st March, 2012	For the Year Ended 31st March, 2011
<b>INCOME</b>			
Revenue from Operations (Gross)	21	6,81,16.47	7,60,23.73
Less : Excise Duty		7,98.78	10,73.31
Revenue from Operations (Net)		6,73,17.69	7,49,50.42
Other Income	22	5,81.87	3,33.38
	<b>Total</b>	<b>6,78,99.56</b>	<b>7,52,83.80</b>
<b>Expenses</b>			
Cost of Raw Materials consumed	23	2,91,37.47	3,05,55.91
Purchases of Stock-in-Process	24	75,05.29	85,32.90
Changes in Inventories of Finished Goods, Stock-in-Progress and Stock-in-Trade	25	(4,82.55)	(20,22.19)
Employee Benefits Expenses	26	89,32.49	82,38.35
Finance Costs	27	28,71.18	19,75.36
Depreciation and Amortization Expense	11	24,61.97	22,44.87
Other Expenses	28	1,90,03.86	1,90,98.10
	<b>Total</b>	<b>6,94,29.71</b>	<b>6,86,23.30</b>
<b>Profit/(Loss) before Tax</b>		<b>(15,30.15)</b>	<b>66,60.50</b>
Tax Expense :			
- Current Tax	29	46.70	13,08.20
- Deferred Tax		(6,50.00)	(67.00)
<b>Profit/(Loss) for the year</b>		<b>(9,26.85)</b>	<b>54,19.30</b>
Earnings per Ordinary Share (Face Value of Rs. 10 per shares) :			
- Basic & Diluted	43	(4.43)	25.31

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

For Singhi & Co.  
Firm Registration Number - 302049E  
Chartered Accountants  
Rajiv Singhi  
Partner  
Membership No. 053518  
Kolkata, 29th May, 2012

D. K. Sharda  
Managing Director & CEO

D. Karmakar  
Company Secretary

For and on behalf of the Board

A. K. Kothari  
Chairman

P. K. Jain  
Joint President & CFO



**CASH FLOW STATEMENT for the year ended 31st March, 2012**

Rs. in lakhs

	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before tax		(15,30.15)		66,60.50
Adjustments for :				
Depreciation and Amortisation Expense	24,61.97		22,44.87	
Profit on Sale of Investments (Net)	(55.01)		(23.87)	
Profit on Sale of Fixed Assets (Net)	(30.83)		(50.85)	
Bad Debts and Advances written off	55.00		2.46	
Provision for Doubtful Debts and advances (Net of write back)	(70.53)		2,71.16	
Provision for diminution in value of Investment	18.10		-	
Finance Cost (Net of Incentive Income)	28,71.18		19,75.36	
Interest Income	(1,08.75)		(72.17)	
Dividend Income	(64.32)		(46.60)	
Liability no longer required written back	(44.47)	50,32.34	(18.01)	42,82.35
Operating profit before Working Capital Changes		35,02.19		1,09,42.85
Adjustments for :				
Trade and Other Receivables	(3,61.38)		(34,67.78)	
Inventories	37,94.55		(51,01.23)	
Trade and Other Payables	2,77.84	37,11.01	25,79.44	(59,89.57)
Cash Generated from Operations		72,13.20		49,53.28
Direct Taxes Paid (Net)		(7,47.72)		(14,13.95)
Interest received on Income Tax Refund		-		2.05
<b>Net Cash from Operating Activities</b>		<b>64,65.48</b>		<b>35,41.38</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets including capital work-in-progress	(21,93.23)		(27,83.34)	
Proceeds from Sale of Fixed Assets	73.25		65.16	
Capital Subsidy Received	71.07		1,03.93	
Purchase of Current Investments	(18,72.75)		(14,52.05)	
Proceeds from Sale of Current Investments	18,75.25		14,17.90	
Interest Received	98.23		46.52	
Dividend Received	64.32		46.60	
Net Cash used in Investing Activities		(18,83.86)		(25,55.28)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Short Term Borrowings (Net)	(12,52.76)		30,90.35	
Proceeds from Long Term Borrowings	14,11.00		-	
Repayment of Long Term Borrowings	(12,20.44)		(13,38.93)	
Proceeds from Fixed Deposits (From Public)	4,95.82		3,63.34	
Repayment of Fixed Deposits (From Public)	(3,64.36)		(3,70.96)	
Dividend Paid	(9,64.07)		(7,20.27)	
Tax on Dividend	(1,58.40)		(1,20.81)	
Finance Charges Paid	(25,51.82)		(19,98.66)	
Net Cash from / (used) in Financing Activities		(46,05.03)		(10,95.94)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>(23.41)</b>		<b>(1,09.84)</b>

**CASH FLOW STATEMENT (Contd.)**

Rs. in lakhs

	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Cash and Cash Equivalents on Opening date	4,02.59	5,12.43
Cash and Cash Equivalents on Closing date (See note 2 below)	3,79.18	4,02.59
	23.41	1,09.84

**Notes :**

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statements.
2. Includes Rs. 1,91.75 lakhs (Previous Year - Rs. 1,71.01 lakhs) available for restricted use (Refer Note - 18).
3. Previous year's figures have been rearranged and regrouped wherever necessary.

The accompanying notes are an integral part of the financial statements.

As per our report of even date.

**For Singhi & Co.**  
Firm Registration Number - 302049E  
Chartered Accountants  
**Rajiv Singhi**  
Partner  
Membership No. 053518  
Kolkata, 29th May, 2012

**D. K. Sharda**  
Managing Director & CEO

**D. Karmakar**  
Company Secretary

**For and on behalf of the Board**

**A. K. Kothari**  
Chairman

**P. K. Jain**  
Joint President & CFO



## NOTES TO THE FINANCIAL STATEMENT for the year ended 31st March, 2012

### 1. Significant Accounting Policies

#### 1.1 Basis of Accounting

These Financial Statements are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (the 'Act') and the relevant provisions of the Act.

#### 1.2 Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and cumulative Impairment losses, if any. Cost includes duties, taxes, incidental expenses, erection/commissioning expenses and borrowing cost attributable to qualifying assets up to the date, the asset is put to use. The cost of extension planting on cultivable land including cost of development is capitalised.

#### 1.3 Intangible Assets

Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment loss, if any.

#### 1.4 Depreciation & Amortisation

- a) Depreciation is calculated in the manner and at applicable rates specified in Schedule XIV of the Companies Act, 1956 under straight line method except in respect of the following where written down value method is followed:
  - i) In respect of assets under Company's Engineering (MICCO) Division.
  - ii) In respect of Tea Division, assets acquired from Kothari Plantations and Industries Limited amalgamated with the Company.
  - iii) In respect of Textile Division, the assets acquired before April, 2001 of GIS Cotton Mill Limited amalgamated with the Company.
- b) In respect of spares for specific machinery cost of such spare is amortised over the useful lives of the related machinery as estimated by the management.
- c) Leasehold land is amortised over the lease period.
- d) Computer software is amortised over a period of five years.

#### 1.5 Impairment of Assets

The carrying amounts of Fixed Assets are reviewed at each balance sheet date to determine, if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of the fixed assets of a cash generating unit exceeds its net selling price or value in use whichever is higher.

#### 1.6 Investments

Long Term Investments are stated at cost with an appropriate provision for diminution in value, other than temporary in nature, in the valuation of long term investments. Current Investments are stated at lower of cost and fair value. Gains/Losses on disposal of investments are recognised as income /expenditure.

#### 1.7 Foreign Currency Transactions

Transactions in foreign currencies are recognised at the rate existing at the time of such transactions. Gain or Loss resulting from the settlement of such transactions is recognised in the Profit and Loss. At the Balance Sheet date, monetary items denominated in foreign currency are translated at year-end rates or the forward cover rates as applicable. The resultant translation differences, if any, are recognised in the Profit and Loss.

#### 1.8 Inventories

Inventories are valued as under: -

- a) Stores and Spare Parts - At cost (on weighted average basis) or net realisable value whichever is lower.
- b) Raw Materials - At cost (on weighted average basis) or net realisable value whichever is lower.
- c) Stock in Process - Is valued with material at lower of weighted average cost and market rate and estimated conversion cost.
- d) Stock in Trade / Contract in Progress - Tea - At cost or net realisable value whichever is lower.  
- For long term contracts, contract in progress is valued at realisable value and provision for losses, as may be estimated for completion thereof.  
- Others - At cost or net realisable value whichever is lower.
- e) Waste / Scrap - Waste and Scrap are valued at estimated realisable value.



## Notes to the Financial Statements (Contd.)

### 1.9 Employee Benefits

- a) Short Term Employee Benefits (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered.
- b) Post-employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques.
- c) Actuarial gains/losses arising under Defined Benefit Plans are recognised immediately in the Statement of Profit and Loss as income/expense for the year in which they occur.

### 1.10 Provisions, Contingent Liabilities and Contingent Assets

- i) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if
  - a) the Company has a present obligation as a result of a past event,
  - b) a probable outflow of resources is expected to settle the obligation, and
  - c) the amount of the obligation can be reasonably estimated.
- ii) Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received. Contingent liability is disclosed in case of
  - a) present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
  - b) present obligation when no reliable estimate is possible, and
  - c) a possible obligation arising from past events where the probability of outflow of resources is not remote.
- iii) Contingent Assets are neither recognised, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

### 1.11 Recognition of Income and Expenditure

Items of income and expenditure are recognised on accrual and prudent basis. Revenue from Construction Contracts is recognised based on the percentage completion method stated on the basis of physical measurement of work actually completed at the Balance Sheet date taking into account the contractual price and revision thereto. Dividends income is recognised when right to receive is established. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

### 1.12 Taxes on Income

Income tax expense comprises current tax and deferred tax charge. Current tax is determined as the amount of tax payable in respect of taxable income for the year based on applicable tax rates and laws. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are recognised only if there is reasonable / virtual certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess the realisability thereof.

### 1.13 Leases

For assets acquired under Operating lease, rentals payable are charged to Statement Profit and Loss. Assets acquired under Finance Lease are capitalised at lower of the Fair Value and Present Value of Minimum Lease Payments. Lease income from operating leases is recognised in the Statement Profit and Loss over the period of Lease.

### 1.14 Government Grants

Government Grants related to specific Tangible Fixed Assets are deducted from gross values of related assets in arriving at their book value. Government Grants related to revenue are recognised in Statement of Profit and Loss.

### 1.15 Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

**Notes to the Financial Statements (Contd.)****Shareholder's Fund****2. Share Capital**

Rs. in lakhs

2.1	Particulars	As at 31st March, 2012	As at 31st March, 2011
	<b>Authorised</b>		
	4,20,00,000 (Previous Year - 4,20,00,000) Ordinary Shares of Rs. 10/- each	42,00.00	42,00.00
	2,00,000 (Previous Year - 2,00,000) Preference Shares of Rs. 100/- each	2,00.00	2,00.00
	<b>Issued</b>		
	2,13,42,346 (Previous Year - 2,13,42,346) Ordinary Shares of Rs. 10/- each	21,34.23	21,34.23
	2,00,000 (Previous Year - 2,00,000) Preference Shares of Rs. 100/- each	2,00.00	2,00.00
	<b>Subscribed and Fully Paid up</b>		
	2,13,42,346 (Previous Year - 2,13,42,346) Ordinary Shares of Rs. 10/- each	21,34.23	21,34.23
	2,00,000 (Previous Year - 2,00,000) Preference Shares of Rs. 100/- each	2,00.00	2,00.00
	<b>Total</b>	<b>23,34.23</b>	<b>23,34.23</b>

**2.2 Reconciliation of Ordinary Shares outstanding**

Particulars	2011-12	2010-11
	Number	Number
Shares outstanding at the beginning of the year	2,13,42,346	1,42,28,231
Add : Bonus shares issued during the year	-	71,14,115
Shares outstanding at the end of the year	2,13,42,346	2,13,42,346

**2.3 Rights, Preferences and Restrictions attached to Shares****(i) Ordinary Shares**

- (a) The Company has only one class of Ordinary shares having a par value of Rs 10/- per share and each holder of Ordinary shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors (except interim dividend) is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (b) In case of liquidation the Ordinary Shareholders are eligible to receive remaining assets of the company, after distribution of all the preferential amounts, in the proportion of their Shareholding.

**(ii) Preference Shares**

- (a) The Company has one class of 8 % Redeemable Cumulative Preference Shares having a par value of Rs.100 per share and each holder of Preference share has a preferential right over the Ordinary shareholders with respect to payment of dividend and repayment of Share Capital in case of liquidation. The preference shareholders do not have voting powers except in a meeting of preference shareholder.
- (b) The 8% Redeemable Cumulative Preference Shares are redeemable at par in 15 (fifteen) years from the date of allotment i.e. 31st March, 2005 with the option to the Company to redeem the same at any time after the expiry of 60 (sixty) months from the said date of allotment at the discretion of the Board of Directors of the Company.



## Notes to the Financial Statements (Contd.)

### 2.4 Shares of the Company held by each shareholder holding more than 5% shares

Name of Shareholders	As at 31st March, 2012		As at 31st March, 2011	
	Number of Shares held	% of Shares held	Number of Shares held	% of Shares held
<b>Ordinary Shareholders</b>				
Kothari Phytochemicals & Industries Ltd.	55,06,078	25.80	55,06,078	25.80
Kothari Investment & Industries Pvt. Ltd.	22,53,748	10.56	22,53,748	10.56
Vishnuhari Investments & Properties Ltd.	17,07,291	8.00	17,07,291	8.00
M.D. Kothari & Co. Ltd.	15,21,868	7.13	15,21,868	7.13
Kothari & Co. Pvt. Ltd.	13,75,749	6.45	13,75,749	6.45
Commercial House (P) Ltd.	12,86,857	6.03	12,86,857	6.03
Life Insurance Corporation of India	11,87,278	5.56	11,87,278	5.56
<b>Preference Shareholder</b>				
Kothari & Co. Pvt. Ltd.	2,00,000	100.00	2,00,000	100.00

### 2.5 Details of aggregate number of Fully paid up Ordinary Shares issued pursuant to a contract / Bonus during the period of five years immediately preceding 31st March.

Particulars	As at 31st March, 2012	As at 31st March, 2011
	No. of Ordinary Shares	
Fully paid up Ordinary Shares of Rs. 10/- each pursuant to contract(s) without payment being received in cash#	30,05,068	30,05,068
Fully paid up Ordinary Shares of Rs 10/- each by way of bonus shares	71,14,115	71,14,115

# These shares have been issued pursuant to separate schemes of Amalgamation/Arrangement, as approved by the Hon'ble High Court, Calcutta, from time to time.

**Notes to the Financial Statements (Contd.)****3. Reserves & Surplus****Rs. in lakhs**

Particulars	As at 31st March 2012	As at 31st March 2012	As at 31st March 2011	As at 31st March 2011
<b>Capital Reserve</b> At the beginning and at the end of the year		33,94.88		33,94.88
<b>Amalgamation Reserve</b> At the beginning and at the end of the year		61.93		61.93
<b>Export Profit Reserve</b> At the beginning and at the end of the year		0.85		0.85
<b>Preference Shares Redemption Reserve</b> At the beginning of the year	2,62.47		62.47	
Add: Transferred from Profit and Loss Account	-	2,62.47	2,00.00	2,62.47
<b>General Reserve</b> At the beginning of the year	94,60.07		88,60.07	
Add: Transferred from Profit and Loss Account	-	94,60.07	6,00.00	94,60.07
<b>Profit and Loss Account</b> At the beginning of the year	55,67.64		20,83.15	
Add : Profit / (Loss) for the year	(9,26.85)		54,19.30	
	46,40.79		75,02.45	
Less :				
Appropriations				
Transfer to General Reserve	-		6,00.00	
Transfer to Preference Shares Redemption Reserve	-		2,00.00	
Proposed Dividend on Preference Shares	16.00		16.00	
Proposed Dividend on Ordinary Shares	1,06.71		9,60.41	
Tax on Proposed Dividend	19.91	44,98.17	1,58.40	55,67.64
<b>Total</b>		<b>1,76,78.37</b>		<b>1,87,47.84</b>

**4. Long Term Borrowings**

Particulars	As at 31st March 2012	As at 31st March 2011	As at 31st March 2012	As at 31st March 2011
	Non Current Portion		Current Maturities	
<b>Secured</b>				
Term Loans in Indian Rupees				
<b>From Banks</b>				
IDBI Bank Ltd	13,71.00	17,39.00	3,68.00	4,37.94
State Bank of India	34,71.03	27,09.67	6,49.64	3,09.48
State Bank of Patiala	14,20.00	17,80.00	3,60.00	3,60.00
Vijaya Bank [See Note - 4.2 (b) below]	-	-	-	1,13.02
IndusInd Bank Ltd (for Equipments)	1,55.03	3,58.24	2,03.21	1,94.80
HDFC Bank Ltd (for Vehicles)	20.41	50.88	35.25	32.45
<b>From others</b>				
Tea Board of India	2,01.20	2,01.20	-	-
	66,38.67	68,38.99	16,16.10	14,47.69
<b>Unsecured</b>				
Fixed Deposits (from Public)	4,70.08	3,35.68	2,06.56	4,11.40
	4,70.08	3,35.68	2,06.56	4,11.40
<b>Total</b>	<b>71,08.75</b>	<b>71,74.67</b>	<b>18,22.66</b>	<b>18,59.09</b>



## Notes to the Financial Statements (Contd.)

### 4.1 Terms of Repayment of Term Loans and Other Loans

Rs. in lakhs

Bank	Nature of Loan	Amount	Period of Maturity	No. of Instalments due	Instalments Amount	Repayment Terms	Rate of Interest p.a.	Other Relevant Terms
<b>From Banks:-</b>								
IDBI Bank Ltd	Technology Upgradation Fund Scheme (TUF) - II	17,39.00	Dec -17	19	92.00/Quarter	Apr'12-Dec'17	Base rate +3.25%	See Note 4.2(a) below
State Bank of India	TUF - I	1,38.96	Aug-14	6	23.16/Quarter	Apr'12-Aug'14	Base rate +6.75%	See Note 4.2(a) below
	TUF-II	25,70.71	Mar-17	20	80.00/Quarter 100.00/Quarter 130.00/Quarter 175.00/Quarter 182.67/Quarter 82.70/Quarter	Apr'12-Mar'13 Apr'13 - Mar'14 Apr'14 - Mar'15 Apr'15 - Mar'16 Apr'16 - Dec'16 Mar'17	Base rate +4.50%	See Note 4.2(a) below
	TUF-III	14,11.00	Mar-18	24	59.25/Quarter 48.25/Quarter	Apr'12-Dec'17 March'18	Base rate +4.00%	See Note 4.2(a) below
State Bank of Patiala	TUF-II	17,80.00	Mar-17	20	90.00/Quarter 70.00/Quarter	Apr'12-Dec'16 Mar'17	Base rate +4.00%	See Note 4.2 (a) below
IndusInd Bank Ltd.	Equipment Loan	40.00	Jan-13	10	4.00/Month	Apr'12-Jan'13	Varying between 10.52% to 13.12%	See Note 4.2 (c) below
		20.85	Jun-13	15	1.39/Month	Apr'12-Jun'13		
		2,68.83	Feb-14	23	Equated Monthly Installment (EMI)	Apr'12-Feb'14		
		28.56	Feb-14	23	EMI	Apr'12-Feb'14		
HDFC Bank Ltd.	Vehicle Loan	8.28	Apr -13	13	EMI	Apr'12-Apr'13	8.00%	See Note 4.2 (c) below
		33.68	Oct -13	14	EMI	Apr'12 - Oct'13	8.74%	
		4.38	Feb - 14	23	EMI	Apr'12 - Feb'14	10.50%	
		4.55	Mar -14	28	EMI	Apr'12 - Mar'14	11.00%	
		4.77	Jul -14	28	EMI	Apr'12 - Jul'14	11.00%	
<b>From Others:</b>								
Tea Board of India	Special Purpose Tea Fund Scheme	1,95.83 5.37	Jan-22 Apr -22	16 16	12.24/Half Yearly 0.34/Half Yearly	Jan'14 - Jan'22 Apr'14 - Apr'22	9.50% 9.50%	See Note 4.2 (d) below

**Notes to the Financial Statements (Contd.)****4.2 Security Clauses**

- a) The Term Loan from IDBI Bank Ltd (IDBI), State Bank of India (SBI) and State Bank of Patiala (SBP) (under TUFs A/c I, II & III) and Letter of Credit Facility from SBI for purchase of capital goods are secured/to be secured by first charge by way of Equitable Mortgage by deposit of title deeds of the company's immovable properties situated at (a) Akbarpur, Punjab, (b) Champdani, West Bengal, (c) Gillander House, Kolkata (d) Sodepur, 24 Parganas (North) West Bengal and (e) Konnagar, West Bengal and also secured/to be secured by way of 1st charge on entire Fixed Assets, both present and future of the Company except those pertaining to the Tea Division but subject to prior charge(s) created/to be created on current assets (except Tea Division) in favour of Company's bankers for securing working capital facilities availed from time to time in the ordinary course of business. The mortgage and charge shall rank pari passu with the mortgage and charges created/ to be created in favour of IDBI, SBI, and SBP. The term loans and letter of credit for Capital Goods are also secured by guarantee of a Director.
- b) The Term Loan from Vijaya Bank was secured by securitisation of future rentals by way of assignment of lease agreements with certain tenant of Company's premises known as "Gillander House" and also secured/to be secured by first Charge by way of equitable mortgage of the Company's said premises on pari passu basis with the other Term lenders viz., IDBI, SBI and SBP for their respective Term Loan under Technology Up-gradation Fund Scheme (TUFs) A/c I, II & III granted to the Company and Letter of Credit Facility from SBI for purchase of capital goods.
- c) The Term Loan from Indusind Bank Ltd., and HDFC Bank Ltd., are secured by hypothecation of the related Equipment / vehicles purchased and guaranteed by a director.
- d) The Term Loan from Tea Board of India under Special Purpose Tea Fund Scheme (SPTF) is secured /to be secured by second charge by way of equitable mortgage on Immovable properties situated at the Tea estates and also further secured /to be secured by second charge by way of hypothecation of Tea crop of the estates.

4.3 Maturity period of Public Deposits having rate of interest varying between 8.75% p.a. to 11.25% p.a. are set out below :

	Rs. In Lakhs		
	2012-13	2013-14	2014-15
<b>Maturity Period</b>	2,06.56	1,92.34	2,77.74

**5 Deferred Tax Liabilities (Net)**

Particulars	As at 31st March, 2012	As at 31st March, 2011
Deferred Tax Liabilities		
- Depreciation and Amortisation	16,56.64	18,67.05
Less: Deferred Tax Assets		
- Provision for doubtful debts	1,35.08	1,45.28
- Items allowed on actual payment basis under Income Tax Act	3,60.57	4,17.83
- Brought forward Unabsorbed losses	5,43.95	28.86
- Deferred Revenue Expenditure (VRS)	7.04	15.08
<b>Total</b>	<b>6,10.00</b>	<b>12,60.00</b>

**6 Other Long Term Liabilities**

Job Advance received from Customers	12,73.77	17,02.78
Trade deposit/Security deposit received	10,23.87	11,31.40
Interest Accrued but not due on Fixed Deposits (From Public)	22.98	27.91
<b>Total</b>	<b>23,20.62</b>	<b>28,62.09</b>



## Notes to the Financial Statements (Contd.)

### Current Liabilities

#### 7 Short Term Borrowings

Rs. in lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>7.1 Secured</b>		
Working Capital Facilities from Banks		
- United Bank of India	4,41.12	2,04.73
- Other than United Bank of India	83,26.54	79,00.69
	<b>87,67.66</b>	<b>81,05.42</b>
<b>7.2 Unsecured</b>		
Short Term Loans		
From Banks		
- Axis Bank Ltd.	25,00.00	40,00.00
- HDFC Bank Ltd.	-	10,00.00
From Bodies Corporate		
- Related Parties	5,35.00	-
- Other Parties	50.00	-
Fixed Deposits (From Public)	14,38.40	11,78.70
	<b>45,23.40</b>	<b>61,78.70</b>
<b>Total</b>	<b>1,32,91.06</b>	<b>1,42,84.12</b>

- i) In respect of Tea Division, the working capital facilities from United Bank of India are secured/ to be secured by Hypothecation of Tea Crop, Made Tea, Book Debts and all other Current Assets of the Tea Estates and are further secured/to be secured by way of Equitable Mortgage on Immovable Properties situated at the Tea Estates.
- ii) Working Capital Facilities from Banks (except those availed by Tea Division of the Company from United Bank of India) are secured/ to be secured by hypothecation of Company's (other than Tea Division) entire current assets, both present and future, ranking pari passu inter-se, and guaranteed by a Director and are further secured/ to be secured by way of second charge on the Fixed Assets of the Company (other than Tea Division) ranking pari passu inter-se.
- iii) The Working Capital facilities having interest rate varying between 11.50% p.a. to 14.00% p.a. are repayable on demand.
- iv) The Unsecured Short Term Loan from Axis Bank having Base Rate + 0.25% rate of interest is repayable in 2 instalments of Rs 1,500 lakhs and Rs 1,000 lakhs due on Aug'12 and Sep'12 respectively and is secured by a guarantee of a Director.
- v) The Unsecured Short Term Loan from Bodies Corporated having 13.50% p.a. rate of interest are repayable on demand.
- vi) Fixed deposits (From Public) is having interest rate varying between 10.00% p.a. to 11.00%. p.a.

**Notes to the Financial Statements (Contd.)**

Rs. in lakhs

**8 Trade Payables**

Particulars	As at 31st March, 2012	As at 31st March, 2011
For Goods	32,14.42	33,41.29
For Services & Others	22,74.98	22,06.26
Acceptance to Bank	33,75.92	22,29.92
<b>Total</b>	<b>88,65.32</b>	<b>77,77.47</b>

There are no dues to Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006. The information has been determined on the basis of information available with the Company.

**9 Other Current Liabilities**

Current Maturities of long- term Debt		
- Secured (Refer Note - 4)	16,16.10	14,47.69
- Unsecured [Fixed Deposits (From Public)]	2,06.56	4,11.40
Interest Accrued but not due on borrowings	1,43.07	1,07.43
Job advance received from Customers	12,20.49	14,50.44
Advances from Agents and Customers	1,20.11	5,24.49
Unpaid Dividends	60.83	48.49
Statutory Liabilities	3,22.05	4,49.87
Trade deposit/Security deposit received	3,60.87	2,13.11
Employee's related liabilities	7,90.90	6,55.88
Other Payables #	3,62.65	4,49.40
<b>Total</b>	<b>52,03.63</b>	<b>57,58.20</b>

# Includes liability for Electricity voltage surcharge, Capital items etc.

**10 Short Term Provisions**

Provision for Employee Benefits		
- Provision for Leave	2,36.64	2,33.94
- Provision for Gratuity	12,03.73	9,46.88
Provision for Proposed Dividends	1,22.71	9,76.41
Provision for tax on Proposed Dividends	19.91	1,58.40
<b>Total</b>	<b>15,82.99</b>	<b>23,15.63</b>



## Notes to the Financial Statements (Contd.)

## 11. FIXED ASSETS

Rs. in lakhs

Sl. No.	Fixed Assets	Gross Block				Depreciation and Amortisation				Net Block	
		Balance as at 31st March, 2011	Additions	Disposals/ Adjustments [See Note (a) below]	Balance as at 31st March, 2012	Balance as at 31st March, 2011	Depreciation /Amortisation for the year	On Disposals	Balance as at 31st March, 2012	Balance as at 31st March, 2012	Balance as at 31st March, 2011
<b>A.</b>	<b>Tangible Assets</b>										
	Freehold Land	4,44.48	-	-	4,44.48	-	-	-	-	-	4,44.48
	Leasehold Land	53.09	-	-	53.09	37.01	-	-	37.01	16.08	16.08
	Estate	31,74.54	38.07	-	32,12.61	0.27	-	-	0.27	31,74.27	31,74.27
	Buildings (See Note b below)	65,32.52	4,70.39	4.49	69,98.42	19,14.68	2,08.28	-	21,22.96	48,75.46	46,17.84
	Plant and Machinery	2,36,71.43	5,94.79	1,26.63	2,41,39.59	1,17,21.35	18,67.36	56.05	1,30,32.06	1,11,06.73	1,24,49.88
	Furniture and Fixtures	3,66.81	21.56	0.74	3,87.63	1,81.35	24.29	0.18	2,05.46	1,82.17	1,85.46
	Vehicles	9,48.78	1,00.04	75.93	9,67.89	4,89.94	95.57	53.21	5,32.30	4,35.59	4,53.84
	Office Equipment	4,98.31	58.88	43.96	5,13.23	3,02.13	48.11	39.60	3,10.64	2,02.59	1,96.18
	Electric Installation	14,85.20	47.88	0.27	15,32.81	5,70.74	76.27	0.19	6,46.02	8,85.99	9,14.46
	Tubewell and Water Supply	10,96.49	3,35.51	14.24	14,17.76	3,08.54	90.95	3.54	3,95.95	10,21.81	7,87.95
	Live Stock	80.86	-	-	80.86	80.86	-	-	80.86	-	-
	<b>Total</b>	3,83,47.51	16,67.12	2,66.26	3,97,48.37	1,51,07.07	24,10.83	1,52.77	1,73,65.13	2,23,83.24	2,32,40.44
	Previous Year	3,57,38.18	28,70.36	2,41.08	3,83,47.51	1,30,29.92	21,99.94	1,12.79	1,51,07.07	2,32,40.44	
<b>B.</b>	<b>Intangible Assets</b>										
	Computer software	2,73.47	5.92	-	2,79.39	94.40	51.14	-	1,45.54	1,33.85	1,79.07
	<b>Total</b>	2,73.47	5.92	-	2,79.39	94.40	51.14	-	1,45.54	1,33.85	1,79.07
	Previous Year	2,21.93	51.54	-	2,73.47	49.47	44.93	-	94.40	1,79.07	
<b>C.</b>	<b>Capital Work In Progress</b>										
	Previous Year	-	-	-	-	-	-	-	-	4,05.39	2,01.00
	<b>Grand Total (A+B+C)</b>	3,86,20.98	16,73.04	2,66.26	4,00,27.76	1,52,01.47	24,61.97	1,52.77	1,75,10.67	2,29,22.48	2,36,20.51
	Previous Year	3,59,40.11	29,21.90	2,41.08	3,86,20.98	1,30,79.39	22,44.87	1,22.79	1,52,01.47	2,36,20.51	

Note : a) Disposals / Adjustments includes Rs 71.07 lakhs (Previous Year - Rs 1,03.93 lakhs) relating to Capital Subsidy received during the year  
b) Refer to Note - 42(d) for office Premises given on Operating Lease (included under head 'Building' above).



## Notes to the Financial Statements (Contd.)

### 12 Non-Current Investments

Rs. in lakhs

Particulars	Face Value Rs.	Nos.	As at 31st March, 2012	As at 31st March, 2011
<b>UNQUOTED-OTHER THAN TRADE</b> (At Cost unless stated otherwise)				
a) <b>Investment in Fully paid Equity Shares</b>				
ABC Tea Workers Welfare Services Ltd.	10	7,502 (7,502)	0.75	0.75
Kothari Hi-Tech Consultants pvt. Ltd.	10	95,000 (95,000)	9.50	9.50
Satyam Financial Services Ltd.		1,49,669 (1,49,669)	18.00	18.00
Woodlands Multispeciality Hospital Limited	10	8,655 (Nil)	0.87	-
Less : Provision for Diminution in value of Investment			29.12	28.25
<b>Sub total</b>			5.00	5.00
b) <b>Investment in Fully paid Debentures</b>			24.12	23.25
1/2% Debentures in Woodlands Hospital and Medical Research Centre Ltd.	100	Nil (159)	-	0.16
5% Non Redeemable Mortgage Debenture Stock in Woodlands Hospital and Medical Research Centre Ltd.			-	0.54
5% 10 years Redeemable Debenture in Shillong Club Ltd.	100	13 (13)	0.01	0.01
<b>Sub total</b>			0.01	0.71
c) <b>Investment in Mutual Funds</b>				
Birla Sunlife Capital Protection Oriented Fund Series - I (Growth) (27 months)	10	Nil (20,00,000)	-	2,00.00
<b>Sub total</b>			-	2,00.00
<b>Total</b>			24.13	2,23.96
Aggregate book value of Unquoted Investments			29.13	228.96
Aggregate provision for diminution in value of investments			5.00	5.00

Figures in brackets are of previous year

### 13 Long Term Loans and Advances

[Unsecured, Considered Good (unless otherwise stated)]				
Capital Advances			3,00.09	1,77.92
Security Deposits Paid				
- Considered Good			54,90.76	46,51.27
- Considered Doubtful			-	0.18
Less: Provision for Doubtful loans & advances			-	0.18
<b>Total</b>			57,90.85	48,29.19

### 14 Other Non-Current Assets

(Unsecured and Considered good)				
Deposits with Bank for more than 12 months (Refer Note - 18)			24.42	22.15
<b>Total</b>			24.42	22.15



## Notes to the Financial Statements (Contd.)

### 15 Current Investments

Rs. in lakhs

Particulars	Face Value Rs.	Nos.	As at 31st March, 2012	As at 31st March, 2011
<b>UNQUOTED-OTHER THAN TRADE</b>				
<b>15.1 Current Maturities of Long Term Investments (Valued at cost)</b>				
<b>Investments in Mutual Funds</b>				
UTI Fixed Maturity Plan - Yearly FMP Series ( YFMP 03/10) Institutional Growth Plan	10	Nil (21,55,089.549)	-	2,15.51
UTI Fixed Term Income Fund Series - VII - I ( -367 Days ) - Growth Option	10	Nil (10,00,000.000)	-	1,00.00
UTI Fixed Maturity plan - Yearly FMP Series ( YFMP 10 / 10) Institutional Growth Plan	10	Nil (32,37,900.000)	-	3,23.79
Birla Sunlife Capital Protection Oriented Fund Series - I (Growth) (27 months)	10	20,00,000.00 (Nil)	2,00.00	-
			<b>2,00.00</b>	<b>6,39.30</b>
<b>15.2 Current Investments (valued at lower of cost or fair market value, unless otherwise stated)</b>				
<b>a) Investments in government and Trust securities</b>				
6 Years National Saving Certificates (Matured) (Deposited with Agricultural Market Committee, Sales Tax Officer and District (Collector)			0.04	0.04
6 Years National Saving Certificates (Deposited with Commercial Tax Officer)			0.07	0.07
<b>Sub Total (a)</b>			<b>0.11</b>	<b>0.11</b>
<b>b) Investments in Mutual funds</b>				
UTI Fixed Income Interval Fund - Quarterly Plan - Series III Institutional Dividend Plan - Re-investment	10	Nil (16,16,040.328)	-	1,61.60
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend Plan - Re-investment	1000	77,488.484 (30,392.633)	7,75.48	3,04.16
UTI Fixed Term Income Fund Series - IX - III ( 367 Days ) - Growth Plan	10	23,21,699.522 (Nil)	2,32.17	-



## Notes to the Financial Statements (Contd.)

Rs. in lakhs

Particulars	Face Value Rs.	Nos.	As at 31st March, 2012	As at 31st March, 2011
UTI Fixed Income Interval Fund - Quarterly Interval Fund Series - I Institutional Dividend Plan - Re-investment	10	Nil (10,47,786.829)	-	1,04.78
UTI Fixed Income Interval Fund-Monthly Interval Plan-II Institutional Dividend Plan - Re-investment	10	Nil (9,99,700.09)	-	1,00.00
UTI Liquid cash Plan Institutional - Daily Dividend Option - Re Investment	1000	35,203.486 (Nil)	3,58.88	-
DSP Black Rock Focus 25 Fund - Dividend	10	2,50,000.00 (2,50,000.00)	25.00	25.00
HDFC Equity Fund - Dividend	10	1,11,410.419 (1,01,270.907)	57.77	53.72
L 192G SBI PSU Fund - Growth	10	2,50,000.00 (2,50,000.00)	25.00	25.00
L072G SBI Premier Liquid Fund- Institutional Growth	100 (10)	4.2817 (428.1731)	0.07	0.07
L221G SBI Debt Fund Series - 90 days - 41 - Growth	10	Nil (50,000)	-	50.00
AIG World Gold Fund Growth	10	1,74,203.888 (1,74,203.888)	25.00	25.00
Goldman Sachs Mutual Fund Gold Benchmark		3,100.00 (1,500.00)	69.70	28.10
DSP Black Rock World Gold Fund - Growth	10	141,837.534 (1,41,837.534)	25.00	25.00
			15,94.07	9,02.43
Less :-Provision for Diminution in Value of Investments			18.10	-
<b>SUB TOTAL (b)</b>			15,75.97	9,02.43
<b>Total (15.2)</b>			15,76.08	9,02.54
<b>TOTAL(15.1 + 15.2)</b>			17,76.08	15,41.84
Aggregate book value of Unquoted Investments			17,94.18	15,41.84
Aggregate provision for diminution in value of Investments			18.10	-

Figures in brackets are of previous year



## Notes to the Financial Statements (Contd.)

### 16 Inventories

Rs. in lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
(Refer Note - 1.8 for mode of Valuation of Inventories)		
Raw Materials	50,49.47	1,01,42.93
Stock in process	12,22.02	11,57.46
Finished Goods (other than Trading Goods)	34,08.48	38,28.50
Stock-in-Trade (Goods purchased for Trading)	10,77.46	1,75.52
Contract-in-Progress	13,52.31	8,58.29
Stores & Spares Parts	19,20.21	15,97.87
Waste	31.41	36.33
Scrap	2.63	61.64
<b>Total</b>	<b>1,40,63.99</b>	<b>1,78,58.54</b>
<i>Included in above are:</i>		
<b>Goods in Transit</b>		
Raw Materials	2,45.10	5,07.30
Stock-in-Trade (Goods purchased for Trading)	23.44	26.68

### 17 Trade Receivables

[Unsecured, Considered Good (unless otherwise stated)]		
a) Outstanding for a period exceeding six months from the date they became due for payment.		
Considered Good	9,41.18	5,82.92
Considered Doubtful	3,29.48	3,82.85
Less: Provision for doubtful debts	3,29.48	3,82.85
	<b>9,41.18</b>	<b>5,82.92</b>
b) Other Trade Receivable		
Considered Good	67,86.21	83,60.38
Considered Doubtful	7.70	5.68
Less: Provision for doubtful debts	7.70	5.68
	<b>67,86.21</b>	<b>83,60.38</b>
<b>Total</b>	<b>77,27.39</b>	<b>89,43.30</b>

**Notes to the Financial Statements (Contd.)****18 Cash and Bank Balances****Rs. in lakhs**

Particulars	As at 31st March, 2012	As at 31st March, 2011
<b>a) Cash and Cash Equivalents</b>		
Balances with Bank	1,77.69	2,11.12
Cheques, Drafts in hand and in Transit	-	1.02
Cash in hand	9.74	19.44
	<b>1,87.43</b>	<b>2,31.58</b>
<b>b) Other Bank Balances</b>		
Unpaid Dividend Accounts	60.83	48.49
Margin Money with Banks	1,06.50	1,00.37
Deposits with Banks (Maturity with more than 12 months)	24.42	22.15
	<b>1,91.75</b>	<b>1,71.01</b>
	<b>3,79.18</b>	<b>4,02.59</b>
Less : Amount disclosed under Non-Current Assets (Refer Note - 14)	24.42	22.15
<b>Total</b>	<b>3,54.76</b>	<b>3,80.44</b>

**19 Short Term Loans and Advances**

[Unsecured, Considered Good (unless otherwise stated)]		
Security Deposits	8,84.97	4,82.41
Inter Corporate Loan (Other than related parties)	-	50.00
Advance for Raw Material and Stores	7,70.41	8,80.87
Balances with statutory/government authorities	15,28.44	17,06.27
Advance payment of Income Tax (Net of Provisions)	8,91.71	1,90.69
Deposit with NABARD	5,83.65	4,78.10
Other Advances recoverable in cash or in kind #	7,24.93	5,36.16
	<b>53,84.11</b>	<b>43,24.50</b>
(Unsecured, Considered Doubtful)		
Balances with statutory/government authorities	12.44	12.44
Advances recoverable in cash or in kind	64.71	83.71
Less: Provision for Doubtful Loans & Advances	77.15	96.15
	-	-
<b>Total</b>	<b>53,84.11</b>	<b>43,24.50</b>
# includes Prepaid Expenses, and Contractor advances.		



## Notes to the Financial Statements (Contd.)

### 20 Other Current Assets

Rs. in lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
[Unsecured, Considered Goods (unless otherwise stated)]		
Interest Accrued on Investments	0.28	0.28
Interest Receivable on Loans and Deposits	46.96	36.44
Subsidy /Incentive Receivable	3,19.32	5,57.42
Export Incentive Receivable	4,65.75	1,57.08
Claim Receivable	65.49	0.49
Other than Trade Receivable	28.96	18.11
<b>Total</b>	<b>9,26.76</b>	<b>7,69.82</b>

### 21 REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>Sale of Products</b>		
<b>Finished Goods</b>		
Cotton and Man - Made Fibre Yarn	2,84,99.96	3,29,55.83
Tea	1,29,39.12	1,28,02.72
Lead Oxide, White Lead, Metallic Stearates	54,46.03	53,94.96
	<b>4,68,85.11</b>	<b>5,11,53.51</b>
<b>Trading Goods</b>		
Boughtout Goods for Construction Jobs	77,21.82	83,78.79
Paints & Allied Products	17,57.61	17,51.47
Scrap Lead	67.94	-
	<b>95,47.37</b>	<b>1,01,30.26</b>
<b>Services</b>		
Income From Construction Jobs	86,26.76	1,20,73.01
Design and Engineering and Services	4,33.85	4,25.10
Other Miscellaneous Services	2,53.62	3,00.22
	<b>93,14.23</b>	<b>1,27,98.33</b>
<b>Other Operating Revenue</b>		
Subsidies	88.90	98.53
Export Incentives	5,34.61	2,29.29
Claims	1,10.46	83.72
Commission and Allowances	8.26	4.09
Sale of Waste	7,73.31	7,55.28
Rental Income	7,24.95	6,42.14
Sale of Scrap	1,29.27	1,28.58
	<b>23,69.76</b>	<b>19,41.63</b>
<b>Total</b>	<b>6,81,16.47</b>	<b>7,60,23.73</b>

**Notes to the Financial Statements (Contd.)**

Rs. in lakhs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Additional Information (Refer Note 21) :		
<b>Income from Construction Contracts</b>		
Sales	81,32.74	1,19,75.54
Add : Closing Contract - in - Progress	13,52.31	8,58.29
	94,85.05	1,28,33.83
Less : Opening Contract - in - Progress	8,58.29	7,60.82
	86,26.76	1,20,73.01
Design, Engineering and Services	4,33.85	4,25.10
Sale of Boughtout Goods for Construction Jobs	77,21.82	83,78.79
Sale of Scrap	1,04.74	96.79
<b>Total</b>	<b>1,68,87.17</b>	<b>2,09,73.69</b>

**22 OTHER INCOME**

Interest Income		
- Interest on Bank and Other Deposits	108.75	70.12
- Interest Received on Income Tax Refund	-	2.05
Dividend Income		
- Long Term Investments	0.16	0.06
- Current Investments	64.16	46.54
Profit on Sale of Fixed Assets (Net)	30.83	50.85
Foreign Exchange Fluctuations (Net)	2.92	35.98
Profit on Sale of Investments (Net)		
- Long Term Investments	53.75	23.79
- Current Investments	1.26	0.08
Provision for Doubtful Debts and Advances written back	1,68.77	11.55
Liabilities no longer required, written back	44.47	18.01
Other Non Operative Income	1,06.80	74.35
<b>Total</b>	<b>5,81.87</b>	<b>3,33.38</b>



## Notes to the Financial Statements (Contd.)

### 23 Cost of Raw Materials Consumed

Rs. in lakhs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011		
Opening Stock	1,01,42.93	71,27.73		
Add : Purchases	2,40,44.01	3,35,71.11		
Less : Closing Stock	50,49.47	1,01,42.93		
<b>Total</b>	<b>2,91,37.47</b>	<b>3,05,55.91</b>		
Value of Imported and Indigenous Raw Materials Consumed during the year :-				
	%	2011-12	%	2010-11
Imported	9.20	26,81.32	10.34	31,59.13
Indigenous	90.80	2,64,56.15	89.66	2,73,96.78
	100.00	2,91,37.47	100.00	3,05,55.91

### 24 Purchases of Stock-in-Trade

Rs. in lakhs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Tea	5,08.79	7,08.29
Paints & Allied Products	14,20.93	14,24.66
Boughtout Goods for Construction Jobs	55,08.61	63,99.95
Scrap Lead	66.96	-
<b>Total</b>	<b>75,05.29</b>	<b>85,32.90</b>

### 25 Changes in Inventories of Finished goods, Stock-in-Process and Stock-in-Trade etc.

Particulars	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
<b>(a) Finished Goods (Manufactured)</b>				
Opening Inventories	38,28.50	4,20.02	21,14.38	(17,14.12)
Closing Inventories	34,08.48		38,28.50	
<b>(b) Stock-in-process</b>				
Opening Inventories	11,57.46	(64.56)	7,88.28	(3,69.18)
Closing Inventories	12,22.02		11,57.46	
<b>(c) Stock-in-Trade</b>				
Opening Inventories	1,75.52	(9,01.94)	2,32.27	56.75
Closing Inventories	10,77.46		1,75.52	
<b>(d) Stock of Scrap</b>				
Opening Inventories	61.64	59.01	69.64	8.00
Closing Inventories	2.63		61.64	
<b>(e) Waste</b>				
Opening Inventories	36.33	4.92	32.69	(3.64)
Closing Inventories	31.41		36.33	
<b>Total</b>		<b>(4,82.55)</b>		<b>(20,22.19)</b>

**Notes to the Financial Statements (Contd.)****26 Employee Benefits Expense**

Rs. in lakhs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
<b>(a) Salaries and Wages</b>		
- Salary & Wages	72,58.35	66,57.70
- Leave Encashment	88.82	50.91
<b>(b) Contribution to Provident and Other Funds</b>		
- Contribution to Gratuity Fund	2,56.96	3,00.76
- Contribution to Provident Fund	5,31.98	4,82.54
- Contribution to Employee State Insurance Fund	82.12	85.69
<b>(c) Staff Welfare Expenses</b>	<b>7,14.26</b>	<b>6,60.75</b>
<b>Total</b>	<b>89,32.49</b>	<b>82,38.35</b>

**26.1 Details of Employee Benefits as required by Accounting Standard – 15 "Employee Benefits" are as follows:****a. Provident Fund**

The Company makes a contribution for Provident fund towards defined contribution Plans for eligible employees. In respect of certain employees, Provident Fund Contribution is made to Trust Funds administered by the Company towards defined benefit plans. The company shall make good for deficiency, if any, in the interest rate declared by the trust vis-a-vis statutory rate.

During the year company has contributed Rs. 5,31.98 lakhs (Previous Year - Rs. 4,82.54 lakhs) towards provident fund during the year 31st March, 2012.

Based on the guidance Note on measurement of Provident Fund liabilities from The Actuarial Society the actuary has provided the valuation of interest guaranteed on Provident fund. Accordingly a short fall of interest of Rs. 6.13 lakhs as at 31st March, 2012 has been provided for under the head Staff Welfare Expense.

The current year is the first year of actuarial valuation of the provident fund administered through Trust, in view of the issuance of the Guidance Note by the Institute of Actuaries of India, hence previous year figure has not been disclosed.

**b. Employee State Insurance Scheme**

The Company make contribution for Employee State Insurance Scheme towards defined contribution plan. During the year company has recognised Rs. 82.12 lakhs (Previous year - Rs. 85.69 lakhs.)

**c. Gratuity**

The Company's Gratuity Scheme, a defined benefit plan, is administered by Life Insurance Corporation of India (LIC) and SBI Life Insurance Company Ltd (SBI Life). LIC or SBI Life make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment of an amount based on the respective employee's salary and tenure of employment subject to a maximum limit as prescribed. Vesting occurs upon completion of five years of service. The present value obligation is determined based on the actuarial valuation using the Projected Unit Credit Method at each Balance Sheet date.

**d. Leave Encashment**

The Company's leave encashment scheme covers certain categories of employees. Pursuant to the Scheme cash equivalent of unutilised leave balance is paid at the time of exit of service.



## Notes to the Financial Statements (Contd.)

Rs. in lakhs

26.2 The following table sets forth the particulars in respect of the Defined Benefit Plans of the Company for the year ended 31st March, 2012

Description	2011-12		2010-11	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
	(Funded)	(Unfunded)	(Funded)	(Unfunded)
<b>A Reconciliation of Opening and Closing Balances of the Present Value of the Defined Benefit Obligation</b>				
Present value of Obligation at the beginning of the year	21,99.99	2,33.94	20,03.27	2,26.68
Current Service Cost	1,28.45	70.84	1,21.40	70.53
Interest Cost	1,74.97	15.27	1,64.82	15.98
Past Service Cost	-	-	-	-
Actuarial (Gain) / Losses	52.66	2.71	1,30.20	(35.60)
Benefits Paid	(2,83.12)	(86.12)	(2,19.70)	(43.65)
Fair Value of Plan Assets at the end of the year	22,72.95	2,36.64	21,99.99	2,33.94
<b>B Reconciliation of the Opening and Closing Balances of the Fair Value of Plan Assets</b>				
Fair Value of Plan Assets at the beginning of the year	12,53.11	-	13,56.74	-
Expected Return on Plan Assets	1,73.42	-	1,15.66	-
Actuarial (Gain)/Losses	(74.30)	-	-	-
Contribution	0.11	-	0.41	-
Benefits Paid	(2,83.12)	-	(2,19.70)	-
Present Value of at the end of the year	10,69.22	-	12,53.11	-
<b>C Reconciliation of the Present Value of the Defined Benefit Obligation and Fair Value of Plan Assets</b>				
Present Value of Obligation at the end of the year	22,72.95	2,36.64	21,99.99	2,33.94
Fair Value of Plan Assets at the end of the year	10,69.22	-	12,53.11	-
Assets/ (Liabilities) recognised in the Balance Sheet	(12,03.73)	(2,36.64)	(9,46.88)	(2,33.94)
<b>D Expenses recognised in the Statement of Profit &amp; Loss</b>				
Current Service Cost	1,28.45	70.84	1,21.40	70.53
Interest Cost	1,74.97	15.27	1,64.82	15.98
Past Service Cost	-	-	-	-
Expected return on Plan Assets	(1,73.42)	-	(1,15.66)	-
Actuarial (Gain) / Losses	1,26.96	2.71	1,30.20	(35.60)
Total Expense recognised	2,56.96	88.82	3,00.76	50.91
<b>E Category of Plan Assets</b>				
Fund with LIC	8,73.85	Not Applicable	10,49.45	Not Applicable
Fund with SBI Life	1,95.37	Not Applicable	2,03.66	Not Applicable
Total	10,69.22	-	12,53.11	-
<b>F Actual return on Plan Assets</b>	99.12	-	1,15.66	-
<b>G Principal Actuarial Assumptions</b>				
Discount Rate	8.50%	8.60%	8.25%	8.00%
Salary Escalation	3%	3%	3%	3%
Expected return on Assets	8.00%	Not Applicable	8.86%	Not Applicable



Notes to the Financial Statements (Contd.)

26.3

R.s. in lakhs

Description	2011-12		2010-11		2009-10		2008-09		2007-08	
	Gratuity (Funded)	Leave Encashment (Unfunded)								
Net Asset/(Liability) recognised in Balance Sheet (including Experience adjustment impact)										
Present Value of Obligation at the end of the year	22,72.95	2,36.64	21,99.99	2,33.94	20,03.27	2,26.68	17,90.01	2,12.29	17,55.90	1,74.30
Fair Value of Plan Assets at the end of the year	10,69.22	-	12,53.11	-	13,56.74	-	10,84.43	-	10,80.27	-
Assets/(Liabilities) recognised in the Balance Sheet	(12,03.73)	(2,36.64)	(9,46.88)	(2,33.94)	(6,46.53)	(2,26.68)	(7,05.58)	(2,12.29)	(6,73.63)	(1,74.30)
Experience adjustment on Plan Liabilities	52.66	(11.85)	1,70.11	32.49	Not Available	12.08	Not Available	(63.09)	Not Available	(26.07)
Experience adjustment on Plan Assets	74.30	Not Available	-	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available

- Notes :
- 1) The detail of Experience adjustment arising on plan assets and liabilities as required by paragraph 1200n(8) of AS- 15 on Employee Benefits is given to the extent of information provided in the Actuarial Valuation.
  - 2) The estimates of future salary increases, considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.
  - 3) The expected rate of return on plan assets is based on actuarial assumption.
  - 4) The company expect to Contribution a sum of Rs. 652 lakhs during 2012-13 towards Gratuity Fund.
  - 5) The above information is actuarially determined.



## Notes to the Financial Statements (Contd.)

### 27 Finance Costs

Rs. in lakhs

Particulars	For the year ended 31st March, 2012	For the year ended 31st March, 2011
Interest Expenses	26,77.82	18,03.05
Other Borrowing Costs	1,93.36	1,72.31
<b>Total</b>	<b>28,71.18</b>	<b>19,75.36</b>

### 28 Other Expenses

Consumption of Stores and Spare Parts	25,63.53	27,45.90
Power and Fuel	49,73.44	43,91.46
Repairs to Buildings	2,57.26	2,07.18
Repairs to Machinery	8,34.93	7,94.08
Repairs to Other Assets	1,00.58	1,12.82
Jobs on Contract	40,91.24	47,90.65
Jobs Outsourcing	3,84.86	4,15.28
Machinery Hire Charges	3,79.05	3,18.16
Cess on Green Leaf and Made Tea	1,28.95	1,00.10
Excise Duty on Closing Stock of Finished Goods (Net Charge)	(1.22)	1.01
Freight, Shipping, Delivery and Selling Expenses	11,38.61	12,25.88
Selling Agents' Commission	6,16.94	6,52.97
Brokerage and Discount on Sale	5,34.76	5,92.50
Payment to Auditors		
- Audit Fee	17.97	17.97
- Taxation Matters	1.70	1.70
- Other Services	4.32	4.97
- Reimbursement of expenses	0.31	0.50
Rent	1,23.58	1,06.81
Rates and Taxes, excluding taxes on income	2,45.82	2,59.97
Insurance	1,67.47	1,45.20
Bad Debts and Advances Written off	55.00	2.46
Provision for Doubtful Debts and Advances	98.24	2,82.70
Provision for Diminution in Value of Current Investment	18.10	-
Directors Fees	5.33	8.18
Consultation and Advisory Charges	3,19.32	2,44.84
Travelling and Conveyance Expenses	6,81.24	5,88.76
Other Miscellaneous Expenses	12,62.53	10,86.05
<b>Total</b>	<b>1,90,03.86</b>	<b>1,90,98.10</b>

### 29 Current Tax

Income Tax	-	12,20.00
Agricultural Income Tax	46.70	88.20
<b>Total</b>	<b>46.70</b>	<b>13,08.20</b>

**Notes to the Financial Statements (Contd.)****30 Contingent Liabilities :**

Rs. in lakhs

Particulars	As at 31st March, 2012	As at 31st March, 2011
a) Claims against the Company not acknowledged as debts		
i) ESI	17.75	17.75
ii) Sales Tax	7,59.89	7,59.89
iii) Cess on Jute Bags/Jute Twine	7.32	7.32
iv) Cess and Excise on Captive Consumption	11.33	11.33
v) Excise Duty	35.76	35.76
vi) Service Tax	1,93.36	42.46
vii) Income Tax	5.86	5.86
viii) Voltage Surcharge on Electricity consumed	1,87.51	1,87.51
b) Corporate Guarantee given on behalf of a Company:		
i) Amount of Guarantee given	—	150.00
ii) Amount outstanding as at 31st March	—	36.59
<p>Note: In respect of item (a) future cash flows is determinable only on receipt of judgements pending at various forums/authorities which in the opinion of the company is not tenable and in case of item (b) the maximum amount of cash flows would be the amount of guarantee given by the Company. There is no possibility of any reimbursement in case of item (a) above.</p>		

31 Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 22,83.02 lakhs (Previous Year - Rs. 11,52.37 lakhs) net of advances Rs. 3,00.09 lakhs (Previous Year - Rs. 1,77.92 lakhs).

32 The Company has made necessary application in respect of Chemical (Waldies) Division for exemption under the Urban Land (Ceiling & Regulation) Act, 1976 in respect of its landholding held in excess in terms of the said Act.

**33. Information given in accordance with requirements of AS-17 on Segment Reporting prescribed under the Act :**

(a) The Company has Six primary business segments viz :

- |                                 |  |
|---------------------------------|--|
| i) Trading Division             | - Purchase and sale of paints and allied products  |
| ii) Tea Division                | - Manufacture and sale of Tea  |
| iii) Property Division          | - Letting out property on rent   |
| iv) Textile Division            | - Manufacture and sale of yarn made out of Cotton and Man-made Fibre viz., Acrylic, Polyester, Viscose Staple and Blends thereof.                        |
| v) Engineering (MICCO) Division | - Manufacture and sale of Steel Structural , Pipes and equipments and Designing , Supplying, erectioning and Commissioning of projects on turnkey basis. |
| vi) Chemical (Waldies) Division | - Manufacture and sale of lead oxide, white lead, lead salts and metallic stearates  |



## Notes to the Financial Statements (Contd.)

### Information about Business Segment

Rs. in lakhs

	Trading Division	Tea Division	Property Division	Textile Division	Engineering (MICCO) Division	Chemical (Waldies) Division	Unallocable	Total
Gross Segment Revenue								
External Turnover	20,18.33 (20,46.71)	1,31,33.42 (1,29,81.63)	7,24.95 (6,38.71)	2,98,24.43 (3,39,85.20)	1,68,87.16 (2,09,73.69)	55,28.18 (53,97.79)	- -	6,81,16.47 (7,60,23.73)
Inter Divisional Revenue	- -	- -	75.77 -	- -	- -	- -	- -	75.77 -
Total Turnover	20,18.33 (20,46.71)	1,31,33.42 (1,29,81.63)	8,00.72 (6,38.71)	2,98,24.43 (3,39,85.20)	1,68,87.16 (2,09,73.69)	55,28.18 (53,97.79)	- -	6,81,92.24 (7,60,23.73)
Less : Excise Duty	- -	- -	- -	- -	2,75.27 (5,70.03)	5,23.51 (5,03.28)	- -	7,98.78 (10,73.31)
Segment Revenue (Net of Excise Duty)	20,18.33 (20,46.71)	1,31,33.42 (1,29,81.63)	8,00.72 (6,38.71)	2,98,24.43 (3,39,85.20)	1,66,11.89 (2,04,03.66)	50,04.67 (48,94.51)	- -	6,73,93.46 (7,49,50.42)
Less : Inter Divisional Elimination								75.77 -
Revenue from Operations (Net)								6,73,17.69 (7,49,50.42)
Segment Result	1,12.65 (1,32.36)	8,43.43 (17,46.49)	5,68.46 (5,04.35)	(22,08.86) (38,54.26)	17,65.28 (23,72.03)	3,31.80 (2,41.70)		14,12.76 (88,51.19)
Less: Unallocable Expenditure net of Unallocable Income							71.73 (-2,15.33)	71.73 (-2,15.33)
Finance Costs							28,71.18 (19,75.36)	28,71.18 (19,75.36)
Profit before Tax								(15,30.15) (66,60.50)
Depreciation and Amortisation	2.96 (3.41)	3,35.94 (2,99.91)	4.12 (4.04)	16,89.23 (15,64.43)	3,76.57 (3,30.27)	15.45 (15.32)	37.70 (27.49)	24,61.97 (22,44.87)
Non Cash Expenses other than Depreciation and Amortisation	3.61 (11.32)	- -	21.74 (41.02)	13.93 (50.00)	1,03.88 (1,82.54)	0.30 (0.28)	27.88 -	1,71.34 (2,85.16)
Capital Expenditure	36.51 (1,03.22)	9,20.72 (5,35.84)	- -	7,82.26 (16,83.28)	1,57.45 (6,57.24)	1.00 (1.87)	101.66 (62.11)	19,99.60 (30,43.56)
Segment Assets	9,22.69 (9,09.20)	94,54.03 (91,28.92)	92.21 (1,08.62)	2,75,93.63 (3,26,12.92)	1,62,64.94 (1,60,44.83)	13,27.88 (11,42.17)	33,39.59 (25,67.59)	5,89,94.97 (6,25,14.25)
Segment Liabilities	3,26.44 (3,84.44)	19,81.17 (16,55.73)	4,63.21 (4,44.55)	53,75.28 (45,14.19)	70,74.27 (80,11.43)	4,05.29 (3,49.45)	2,33,56.71 (2,60,72.39)	3,89,82.37 (4,14,32.18)

#### b) Secondary Segments

The Company operates predominantly within geographical limits of India and therefore the Secondary Segment has been demarcated into 'Within India' and 'Outside India' operations as under:

	Within India	Outside India	Total Revenue
Segment Revenue	5,83,26.79 (6,70,91.26)	89,90.90 (78,59.16)	6,73,17.69 (7,49,50.42)
Segment Assets	5,73,72.67 (6,17,01.05)	16,22.30 (8,13.20)	5,89,94.97 (6,25,14.25)
Capital Expenditure	19,99.60 (30,43.56)	- -	19,99.60 (30,43.56)

Figures in brackets are of Previous Year



## Notes to the Financial Statements (Contd.)

### 34. Related Party Disclosures

#### 34.1 Information in accordance with requirements of Accounting Standard-18 on Related Party disclosures prescribed under the Act:-

- A) Enterprises over which Key Management Personnel & Relatives of such Personnel are able to exercise significant influence
  - a) M D Kothari and Company Limited (MDKCL)
  - b) Bhaktwatsal Investments Limited (BIL)
  - c) Kothari and Co Pvt. Limited (KCPL)
  - d) Kothari Investments & Industries (P) Limited (KIIPL)
  - e) Commercial House Pvt. Limited (CHPL)
  - f) Vishnuhari Investments and Properties Limited (VIPL)
  - g) G Das and Company Pvt. Limited (GDCPL)
  - h) Kothari Medical Centre (KMC)
- B) Key Management Personnel of the Company
  - a) Mr D K Sharda (DKS) – Managing Director
  - b) Mr A. Mallick (AM) – Executive Director & CEO (retired w.e.f 31.03.2012)



## Notes to the Financial Statements (Contd.)

## 34.2 Transactions with related parties during the year and the status of outstanding balances as on 31st March, 2012 (Rs. in lakhs)

Nature of Transaction	Enterprises over which Key Management Personnel & Relatives of such Personnel are able to exercise significant influence																
	2010-12							2010-11									
	MDKCL	BIL	KCPL	KIPL	KMC	VIPL	GDCPL	CHPL	TOTAL	MDKCL	BIL	HCPL	KIPL	KMC	VIPL	GDCPL	TOTAL
Rent Paid	-	-	-	6.00	3.48	-	6.30	-	15.78	-	-	-	6.00	-	-	6.25	12.25
Rent Received	-	-	0.49	-	-	-	-	-	0.49	-	-	-	-	0.37	-	-	0.77
Purchase of Goods / Services	4.30	-	-	-	-	-	-	-	4.30	10.92	-	-	-	-	-	0.16	11.08
Unsecured Loans given	50.00	-	-	-	-	-	-	-	50.00	-	-	-	-	-	-	-	-
Receipts towards Unsecured Loan Repayment	50.00	-	-	-	-	-	-	-	50.00	-	-	-	-	-	-	-	-
Interest received on Unsecured Loan given	0.19	-	-	-	-	-	-	-	0.19	-	-	-	-	-	-	-	-
Unsecured Loans Taken	20.00	25.00	93.00	200.00	-	200.00	-	75.00	613.00	-	-	-	-	-	-	-	-
Unsecured Loans Repaid	-	-	78.00	-	-	-	-	-	78.00	-	-	-	-	-	-	-	-
Interest on Loans Taken	0.65	0.89	0.68	5.73	-	6.49	-	2.55	16.99	-	-	-	-	-	-	-	-
Donation Given	-	-	-	-	95.00	-	-	-	95.00	-	-	-	-	-	-	-	-
Balance as on 31st March,	20.00	25.00	15.00	200.00	-	200.00	-	75.00	535.00	-	-	-	-	-	-	-	-
i) Loans taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ii) Guarantees given	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iii) Guarantees utilised	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
iv) Rent receivable	-	-	0.10	-	0.10	-	-	-	0.20	-	-	-	-	-	-	-	-

## 34.3 Transaction with the Key Management Personnel of the Company

Nature of Transaction	2011-12			2010-11		
	DKS	AM*	TOTAL	DKS	AM	TOTAL
Remuneration Paid	2751	4479	7230	24.43	19.70	44.13

\* Executive Director and CEO (resigned w.e.f 31st March, 2012)

**Notes to the Financial Statements (Contd.)****35 a) Details of Raw Materials Consumed during the year****Rs. in lakhs**

	2011-12	2010-11
Green Leaf (Purchased)	20,90.37	24,03.59
Cotton and / or Man-made Fibre	2,17,18.63	2,19,21.42
Mild Steel	13,29.33	22,67.39
Lead	39,29.15	38,80.81
Others	69.99	82.70
<b>Total</b>	<b>2,91,37.47</b>	<b>3,05,55.91</b>

**b) Details of Opening and Closing Stock of Finished Goods, Stock-in-Process and Stock-in-Trade****Rs. in lakhs**

	Opening Inventory		Closing Inventory	
	2011-12	2010-11	2011-12	2010-11
<b>Finished Goods</b>				
Tea	8,70.35	7,36.19	4,86.79	8,70.35
Chemicals	97.83	1,50.13	1,33.50	97.83
Cotton and Man-made Fibre yarn	28,60.32	12,28.06	27,88.19	28,60.32
<b>Total</b>	<b>38,28.50</b>	<b>21,14.38</b>	<b>34,08.48</b>	<b>38,28.50</b>
<b>Stock-in-Process</b>				
Chemicals	72.44	60.25	102.37	72.44
Cotton and Man-made Fibre yarn	10,55.43	6,89.81	11,15.60	10,55.43
Others	29.59	38.22	4.05	29.59
<b>Total</b>	<b>11,57.46</b>	<b>7,88.28</b>	<b>12,22.02</b>	<b>11,57.46</b>
<b>Stock-in-Trade</b>				
Paints and Allied Products	1,75.52	1,41.00	2,08.01	1,75.52
Boughtout Goods for Construction Jobs	-	91.27	8,69.45	-
<b>Total</b>	<b>1,75.52</b>	<b>2,32.27</b>	<b>10,77.46</b>	<b>1,75.52</b>

**36 Value of Imported and Indigenous Stores and Spare Parts, etc, consumed during the year**

	%	2011-12	%	2010-11
Imported	1.31	33.58	0.79	21.65
Indigenous	98.69	25,29.95	99.21	27,24.25
<b>Total</b>	<b>100.00</b>	<b>25,63.53</b>	<b>100.00</b>	<b>27,45.90</b>



## Notes to the Financial Statements (Contd.)

### 37 Value of Imports during the year (C.I.F. basis)

Rs. in lakhs

	2011-12	2010-11
Boughtout Goods	-	60.15
Capital Equipments	1,94.68	11,48.81
Raw Materials	15,28.09	32,39.29
Stores, Spare Parts	31.49	22.95
Lead Scrap	55.28	-
<b>Total</b>	<b>18,09.54</b>	<b>44,71.20</b>

### 38 Expenditure in Foreign Currency during the year

	2011-12	2010-11
Commission on Sales/Orders	92.15	57.83
Travelling Expenses	16.67	16.18
Selling Expense on Exports	7.17	4.39
Claim Settling Expenses	3.27	-
Consultancy Charges	2.99	-
Bank Charges	0.11	0.38
<b>Total</b>	<b>1,22.36</b>	<b>78.78</b>

### 39 Earnings in Foreign Exchange during the year

	2011-12	2010-11
Claim Settling Commission	0.79	0.44
Export of Goods on F.O.B. basis	86,69.45	76,07.86
<b>Total</b>	<b>86,70.24</b>	<b>76,08.30</b>

### 40 Information in accordance with the requirements of the revised Accounting Standard - 7 on Construction Contracts as prescribed under the Act :-

	2011-12	2010-11
a) Contract revenue recognised for the year	1,68,87.17	2,09,73.69
b) Aggregate amount of contracts costs incurred and recognised Profits (Less recognised losses) up to the year end for all the Contracts-in-Progress.	7,15,92.30	4,62,98.74
c) The amount of customer advances outstanding for Contracts-in-Progress as at year end.	24,94.27	31,53.21
d) The amount of retention money due from customers for Contracts-in-Progress as at year end.	57,36.46	39,94.93
e) Gross amount due from customers for Contract-in-Progress as at year end [Included in work-in-progress Rs. 13,52.31 lakhs (Previous year – Rs. 8,58.29 lakhs), Sundry Debtors Rs. 39,38.88 Lakhs (Previous year – Rs. 53,18.27 lakhs)]	52,91.19	61,76.56
f) Gross amount due to customer for contract work in Progress as at year end	-	3,81.90

**Notes to the Financial Statements (Contd.)**

41 Advances recoverable in cash or kind or for value to be received include Rs 5.92 lakhs (Previous Year Rs. Nil lakhs) adjustable against future lease rental of a manufacturing facility availed during the year as disclosed in Note 42(c) below.

**42 Operating Lease Commitments**

- a) The Company had entered into a non-cancellable operating lease agreement in earlier year for a period of 117 Months in connection with certain Plant and Machinery at its unit at Akbarpur, Punjab. The terms of the lease include operating term for renewal and restrict the right to sell, sub-let or allow any third person to use the machinery without the prior consent of the lessor in writing.

During the year lease has expired and the Company has charged related lease rental of Rs. 19.75 lakhs (Previous Year - Rs 26.33 lakhs) in the Statement of Profit and Loss under the head Machinery Hire Charges.

- b) The Company has taken various Plant and Machinery for its Engineering (MICCO) Division under cancellable operating lease. Lease range for the period between 3 to 8 months. During the year the Company has charged related lease rental of Rs 3,37.00 lakhs (Previous Year - Rs 2,91.83 lakhs) in the Statement of Profit and Loss under the head Machinery Hire Charges.

- c) The Company has entered into a non-cancellable operating lease agreement during the year 2011-12 in respect of lease rental of a tea manufacturing facility for a period of Thirteen months. The terms of the lease include restriction to sell, sub-let and or part with possession of the let-out premises without prior permission of the lessor. As per terms of the lease, an additional rent at a prescribed rate is payable from 1st February, 2012 onwards in case of production from the let-out premises exceeds a specified limit.

The future minimum lease commitments of the Company at the year-end are as follows:

	Rs. In Lakhs	
	2011-12	2010-11
Not later than one year	17.50	13.12
Later than one year and not later than five years	-	-

During the year Company has charged related lease rental of Rs. 13.12 lakhs (Previous Year - Rs. 14.00 lakhs) in the Statement of Profit & Loss under the head Rent.

- d) The Company has given office premises under cancellable operating leases. These leasing arrangements range between 3 years and 15 years generally or longer and are usually renewable by mutual consent on mutually agreeable terms. Initial Direct costs for such leases are borne by the Company and charged off to revenue. Lease rentals are recognised as income which was Rs. 4,83.41 lakhs during the year (Previous Year - Rs. 4,30.93 lakhs). The gross value and accumulated depreciation of such asset as at 31st March, 2012 was Rs. 23.59 lakhs (Previous Year - Rs. 23.59 lakhs) and Rs 23.55 lakhs (Previous Year - Rs. 23.55 lakhs) respectively.
- e) The Company has certain operating leases for premises (residential, offices and godowns) which are not non-cancellable range between 3 months to 5 years generally and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged in the Statement of Profit & Loss Account under the head Rent (Note - 28).

**43 Basic and Diluted Earnings per Share**

	2011-12	2010-11
(i) Profit/(Loss) after tax available for Ordinary Share holders (Rs. in lakhs)	(9,45.45)*	54,00.70
(ii) Weighted average of Ordinary Shares of Rs. 10/- each outstanding during the year (Numbers)	2,13,42,346	2,13,42,346
(iii) Basic and Diluted Earnings per Share [(i) / (ii)] (in Rs.)	(4.43)	25.31

\* After deducting Proposed Dividend on Preference Shares of Rs. 16.00 lakhs (Previous Year - Rs. 16.00 lakhs) for the year 2011-12 and Dividend Distribution Tax thereon of Rs. 2.60 lakhs (Previous Year - Rs. 2.60 lakhs).



## Notes to the Financial Statements (Contd.)

- 44 a) The year-end net monetary foreign currency exposures that have not been hedged by a derivative instrument are given below :

Figures in lakhs

		As at 31st March, 2012	As at 31st March, 2011
Currency	Cross Currency	Net (Buy)/Sell*	Net (Buy)/Sell
US Dollar	INR	2.30	(2.20)
EURO	INR	0.44	2.82
AED	INR	4.72	2.73

\* Sell indicates Receivable and Buy indicates Payable.

- b) Category wise outstanding Foreign Currency forward contracts entered for hedging are as follows :

Figures in lakhs

		As at 31st March, 2012	As at 31st March, 2011
Currency	Cross Currency	Sell*	Sell*
US Dollar	INR	12.63	19.09
EURO	INR	-	1.72

\* Sell indicates Receivable.

- 45 The revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

As per our report of even date.

For Singhi & Co.  
Firm Registration Number - 302049E  
Chartered Accountants  
Rajiv Singhi  
Partner  
Membership No. 053518  
Kolkata, 29th May, 2012

D. K. Sharda  
Managing Director & CEO

D. Karmakar  
Company Secretary

For and on behalf of the Board

A. K. Kothari  
Chairman

P. K. Jain  
Joint President & CFO



# GILLANDERS ARBUTHNOT AND COMPANY LIMITED

Registered Office : C-4, Gillander House, Netaji Subhas Road, Kolkata – 700 001



## 78<sup>TH</sup> ANNUAL GENERAL MEETING

### Name(s) and Address of Member(s)

Folio / DP ID and Client ID :

Shares :

### ATTENDANCE SLIP

Sl. No.

#### Attendance by

(Please tick the appropriate box)

- Member  
 Proxy  
 Authorised Representative

I/we certify that I/we am/are member(s)/proxy for the member(s) of the Company.

I/we hereby record my/our presence at the 78<sup>TH</sup> ANNUAL GENERAL MEETING of the Company being held at Williamson Magor Hall of The Bengal Chamber of Commerce and Industry, (1<sup>st</sup> Floor), Royal Exchange, 6, Netaji Subhas Road, Kolkata 700 001 on Monday, August 13, 2012 at 11.00 A.M.

.....  
Name of Proxy (in BLOCK LETTERS)

.....  
Signature of Member(s)/Proxy

**Note :** Please sign this attendance slip and hand it over at the Attendance Verification Counter at the VENUE of the Meeting.



# GILLANDERS ARBUTHNOT AND COMPANY LIMITED

Registered Office : C-4, Gillander House, Netaji Subhas Road, Kolkata – 700 001



### PROXY FORM

I/We \_\_\_\_\_ of \_\_\_\_\_

.....being a member(s) of Gillanders Arbuthnot and Company Limited hereby

appoint.....of.....or failing

him/her.....of.....as my/our proxy

to attend and to vote for me/us on my/our behalf at the 78<sup>TH</sup> ANNUAL GENERAL MEETING of the Company to be held on Monday,

August 13, 2012 at 11.00 A.M. at Williamson Magor Hall of The Bengal Chamber of Commerce and Industry, (1<sup>st</sup> Floor), Royal

Exchange, 6, Netaji Subhas Road, Kolkata - 700 001 and at any adjournment thereof.

Given this .....day of .....2012

Affix Re. 1/-  
Revenue  
Stamp

Folio / DP ID and Client ID :

No. of Shares held:

(Signature of Member(s) across the stamp)

**Note (a) :** 1) The Proxy need NOT be a member.

2) The proxy form signed across revenue should be deposited at the Registered Office of the Company at least 48 hours before the scheduled time of the meeting.



