

Annual Report 2016 - 17



KANCO TEA & INDUSTRIES LIMITED



KANCO TEA & INDUSTRIES LIMITED

(CIN:L15491WB1983PLC035793)

Annual Report 2016-2017

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BOARD OF DIRECTORS

Mr. U. Kanoria
Chairman & Director

Mrs. A. Kanoria
Whole-time Director

Mr. G. Momen

Mr. N. Nayar

Mr. G. R. Banka
Directors

COMPANY SECRETARY

Ms. C. Kabra

CHIEF FINANCIAL OFFICER

Mr. S. K. Parhi

AUDITORS

M/s. Jain & Co.
Chartered Accountants

BANKERS

Punjab National Bank

REGISTERED OFFICE

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata 700 017
Telefax : +91 33 2281 5217
Email : contact@kancotea.in
Website : www.kancotea.in

TEA ESTATES

Mackeypore Tea Estate
Lakmijan Tea Estate
Bamonpookrie Tea Estate
P.O. Nazira 785 685
Dist. Sivasagar (Assam)

SHARE REGISTRARS

C B Management Services (P) Ltd.
P-22, Bondel Road, Kolkata 700 019
Phone : +91 33 2280 6692/93/94
Email : rta@cbmsl.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 34th Annual General Meeting of the members of KANCO TEA & INDUSTRIES LIMITED will be held at "Shripati Singhanian Hall, **ROTARY SADAN**, 94/2, Chowringhee Road, Kolkata-700020" on Thursday, 3rd August, 2017 at 2:00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt
 - a. the Audited Standalone Financial Statement of the Company for the year ended 31st March, 2017, the reports of the Board of Directors and Auditors thereon; and
 - b. the Audited Consolidated Financial Statement of the Company for the year ended 31st March, 2017 and the report of the Auditors thereon.
2. To declare dividend on 7% Non-Cumulative Redeemable Preference Shares for the financial year ended 31st March, 2017.
3. To declare dividend on Equity Shares for the financial year ended 31st March, 2017.
4. To appoint a director in place of Mr. Umang Kanoria (DIN : 00081108), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Jain & Co., Chartered Accountants (Firm Registration No: 302023E) as Statutory Auditors of the Company for the Financial Year 2017-2018 and authorise the Board of Directors to fix their remuneration.

Special Business:

6. **Increase in the Authorised Share Capital and alteration of the Capital Clause in the Memorandum of Association of the Company**

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

"RESOLVED THAT in accordance with the provisions of Sections 13 and 61 read with rules thereunder and all other applicable provisions, if any, of the Companies Act, 2013, Article 49 of the Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from existing ₹ 3,00,00,000/- (Rupees Three Crores Only) divided into 20,00,000 (Twenty Lakhs) Equity Shares of ₹ 10/- each and 1,00,000 (One Lakh) Non-Cumulative Redeemable Preference Shares of ₹ 100/- each to ₹ 7,00,00,000 (Rupees Seven Crores Only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of ₹ 10/- each and 1,00,000 (One Lakh) Non-Cumulative Redeemable Preference Shares of ₹ 100/- each by creation of additional 40,00,000 (Forty Lakhs) Equity Shares of ₹ 10/- each, ranking pari passu in all respect with the existing equity shares of the Company, and that Clause V of the Memorandum of Association of the Company be and is hereby replaced by the following clause-

V. The Authorised Share Capital of the Company is ₹ 7,00,00,000 (Rupees Seven Crores Only) divided into 60,00,000 (Sixty Lakhs) Equity Shares of ₹ 10/- each aggregating to ₹ 6,00,00,000 (Rupees Six Crores Only) and 1,00,000 (One Lakh) Non-Cumulative Redeemable Preference Shares of ₹ 100/- aggregating to ₹ 1,00,00,000 (Rupees One Crore Only) only."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all the acts, deeds, matters and things as necessary for the said purpose."

7. **Issue of Bonus Shares**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 63 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013, read with rules thereunder and Article 131 and 132 of the Articles of Association of the Company and subject to the Securities and Exchange Board of India (SEBI) (Issue of Capital and Disclosure Requirements) Regulations 2009 issued in this behalf and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company for capitalization of a sum not exceeding ₹ 3,41,52,180/- (Rupees Three Crores Forty One Lakhs Fifty Two Thousand One Hundred and Eighty Only) from the General Reserves of the Company for the purpose of issue of Bonus Shares of ₹ 10/- each (Rupees Ten Only) each, credited as fully paid-up to the holders of the Equity Shares of the Company whose names shall appear on the Register of Members on the 'Record Date' as to be determined by the Board of Directors for the purpose, in the proportion of 2 (Two) Equity Share of ₹ 10/- each as Bonus for every 1 (One) fully paid-up Equity Share

NOTICE (Contd.)

of ₹ 10/- each held by them and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid up Capital of the Company held by each such Member, and not as income.”

“RESOLVED FURTHER THAT the Bonus Shares so allotted shall rank pari passu in all respects with the fully paid up Equity Shares of the Company as existing on the Record Date”

“RESOLVED FURTHER THAT the Bonus Shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such acts, matters, deeds and things, as may be necessary or desirable for the purpose of giving effect to these resolutions and also to take all necessary steps for listing of such shares on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations with the authority to draft, execute, sign and issue the necessary documents, affidavits, vakalatnamas, authority letters, agreements, etc, as incidental thereto for and on behalf of the Company and also to appoint and engage advocates, consultants and other professionals, agencies, firms as necessary for the accomplishment of the aforesaid purpose .”

Registered Office:

Jasmine Tower, 3rd Floor

31, Shakespeare Sarani, Kolkata 700017

CIN : L15491WB1983PLC035793

Telefax : (033) 22815217

Email : contact@kancotea.in

Website : www.kancotea.in

Dated : 3rd July, 2017

By Order of the Board
For KANCO TEA & INDUSTRIES LIMITED

CHARULATA KABRA
Company Secretary

NOTES:

- I. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL 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 proxy form duly completed and signed, should be deposited with the Company, at its registered office at least 48 hours before the time of the meeting. Proxies submitted on behalf of the Companies, societies, etc., must be supported by an appropriate resolution/authority as applicable. A proxy form for the Annual General Meeting is enclosed.
A person can act as a proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or members.
As per Secretarial Standard on General Meeting (SS-2), the Proxy-holders are requested to bring valid identity proofs (viz., PAN Card, Voter ID, Passport, Aadhar Card, Driving License, Bank Pass Book with attested customer photograph and signature etc.) at the venue of the meeting for identification.
- II. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf in the meeting.
- III. The Explanatory Statement setting out material facts, pursuant to Section 102 of the Companies Act, 2013, in respect to the Special Businesses under Item No. 6 and 7 of the accompanying Notice is annexed hereto.
- IV. A brief resume of each of the director proposed to be reappointed, nature of his expertise in specific functional areas, names of companies in which he holds directorship and membership/chairmanship of Board Committees, shareholding and relationships between directors inter se as stipulated under Regulation 36 of the SEBI(Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on

NOTICE (Contd.)

General Meeting (SS-2), are provided in Details of Director seeking reappointment at the Annual General Meeting annexed hereto.

- V. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from 8th July, 2017 to 10th July, 2017 (both days inclusive) for the purpose of payment of the dividend for the financial year ended 31st March, 2017 and the 34th Annual General Meeting.
- VI. Members are requested to bring their copy of Annual Report at the Meeting and produce the enclosed Attendance Slip at the entrance to the place of the meeting.
- VII. All documents referred to in the accompanying Notice shall be open for inspection at the Registered Office of the Company on weekdays (3:00 p.m. to 5:00 p.m.) up to and including the date of the Annual General Meeting of the Company.
- VIII. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- IX. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
- X. Dividend, as recommended by the Board, if approved at the Annual General Meeting by the Members, will be paid latest within a period of 30 days from the date of declaration, to those persons whose names stand registered in the Company's Register of Members or their mandatees :
 - (a) as Beneficial Owners at the end of business hours on 7th July, 2017 as per names and address to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - (b) as Members of the Company after giving effect to the valid share transfers in physical form lodged with the Company on or before commencement of book closure i.e. 7th July, 2017.
- XI. Members who have neither received or encashed their dividend warrant(s) for the financial years 2009-2010 up to 2015-2016, are requested to write to the Company or its Registrar and Share Transfer Agent, mentioning the relevant Folio Number or DP ID and Client ID, for issuance of duplicate/revalidated dividend warrant(s). Members are requested to note that the dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.
- XII. Members holding shares in physical form may intimate the Company necessary particulars for ECS credit of the dividend directly to their bank accounts wherever ECS facility is available, or, for printing of their bank account details on the dividend warrants to prevent possibilities of fraud in encashing the warrants.
- XIII. Members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP). Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
- XIV. Copies of the Annual Report 2016-2017, the Notice of the 34th Annual General Meeting, instructions for e-voting, Attendance Slip and Proxy Form, are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2016-2017, the Notice of the 34th Annual General Meeting, instructions for e-voting, Attendance Slip and Proxy Form are being sent by the permitted mode. Members may register their email address by visiting Website namely www.cbmsl.com/green.php of our Registrar and Share Transfer Agent.
- XV. Members may also note that the Notice of the Annual General Meeting and the Annual Report for 2016-2017 will also be available on the Company's website www.kancotea.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Kolkata for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the members may also send requests to the email id: contact@kancotea.in or rta@cbmsl.com.

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- XVI. Members seeking any information with regard to Accounts may write to the Company 7 (seven) days before the date of the Annual General Meeting.
- XVII. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form can submit their PAN to the Company or its Registrar and Share Transfer Agent.
- XVIII. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website.
- XIX. Members are requested to furnish or update their e-mail IDs with the Registrar for sending the soft copies of the Annual Report of the Company as required vide circular no.17/2011 dated April 21, 2011 and circular no.18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs and to avail remote e-voting facility in respect of the resolutions which would be passed at the General Meetings of the Company.
- XX. Pursuant to prohibition imposed vide Secretarial Standard on General Meeting (SS-2) issued by The Institute of Company Secretaries of India and The Ministry of Corporate Affairs circular, no gifts/coupons shall be distributed at the Meeting.
- XXI. Voting through electronic means:
- a. Pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, as amended from time to time, the Company is pleased to provide its members facility of 'remote e-voting' (e-voting from a place other than venue of the AGM) to exercise their right to vote at the 34th Annual General Meeting. The business may be transacted through e-voting Services provided by Central Depository Services (India) Limited (CDSL).
 - b. The facility for voting either through ballot/polling papers shall also be made available at the venue of the 34th Annual General Meeting. The members attending the meeting, who have not cast their vote through remote e-voting shall be able to exercise their voting rights at the meeting. The members who have already cast their vote through remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.
 - c. Ms. Priti Todi, Practising Company Secretary (Membership No. 14611) (Address: 225D, AJC Bose Road, 3rd Floor, Kolkata - 700020) has been appointed as the Scrutinizer for conducting the remote e-voting and voting process at the AGM in a fair and transparent manner.
 - d. The e-Voting procedure to be followed by the shareholders to cast their votes.
- A. In case of Members who receive the Notice in electronic mode:
- (i) The voting period begins 31st July, 2017 (9.00 am) and ends on 2nd August, 2017 (5.00 pm). During this period the shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. 27th July, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting after 5.00 pm on 2nd August, 2017.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
 - (iii) Log on to the e-voting website www.evotingindia.com
 - (iv) Click on "Shareholders" tab.
 - (v) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (vi) Next enter the Image Verification as displayed and Click on Login.
 - (vii) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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(viii) If you are a first time user follow the steps given below:

Particulars	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <KANCO TEA & INDUSTRIES LIMITED>.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the votes cast by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) Note for Institutional Shareholders and Custodians
- Non-Individual shareholders - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

NOTICE (Contd.)

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xxi) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

B. In case of Members who receive the Notice by post:

- (i) User ID and initial password will be provided with the Notice for the AGM.
- (ii) Please follow the steps from Sl. Nos. (iii) to (xx) mentioned in (A) above, to cast your vote.

C. Members already registered with CDSL for remote e-voting can use their existing user ID and password for Login. Thereafter please follow the steps from Sl. Nos. (xii) to (xx) mentioned in (A) above, to cast your vote.

XVI. GENERAL INFORMATION

- (a) Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 27th July, 2017, may obtain the USER ID and password by sending an e-mail request to rta@cbmsl.com/compliance@kancotea.in.
- (b) There will be one vote for every Client ID No. / Registered Folio No. irrespective of the number of joint holders.
- (c) The Results of voting will be declared within 48 hours from the conclusion of the AGM and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of requisite number of votes. The declared Results, alongwith the Scrutinizer's Report, will be available forthwith on the Company's corporate website www.kancotea.in and on the website of CDSL; such Results will also be forwarded to The Calcutta Stock Exchange Limited and The Bombay Stock Exchange Limited.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO. 6 & 7

The Board of Directors of the Company in its meeting held on 3rd July, 2017, has recommended issue of Bonus Shares to the holders of equity shares of the Company whose names shall appear on the Register of Members on the 'Record Date' to be determined by the Board of Directors for the purpose, in the proportion of 2 (Two) Equity Shares of ₹ 10/- each as Bonus for every 1 (One) fully paid-up Equity Share of ₹ 10/- each held by them, after capitalising a sum not exceeding ₹ 3,41,52,180/- (Rupees Three Crores Forty One Lakhs Fifty Two Thousand One Hundred and Eighty Only) from the General Reserves of the Company as per the Audited Financial Statement of the Company for the financial year ended 31st March, 2017.

As per Article 131 and 132 of the Articles of Association of the Company, it is necessary for the shareholders to approve the issue of Bonus Shares.

The Company has obtained a certificate from the statutory auditors regarding its eligibility and the compliance, enabling the Company to issue the bonus shares.

In order to facilitate issue of bonus shares, it is necessary to increase the authorised capital of the Company and consequently, it is proposed to make appropriate alterations in the Memorandum of Association of the Company to reflect the changes in the Authorised Share Capital of the Company.

It is also necessary to authorize the Board of Directors of the Company to complete all the regulatory formalities in connection with the issue of Bonus Shares that may be prescribed by SEBI, the Stock Exchanges on which the Company's securities are listed and / or any other regulatory authority.

NOTICE (Contd.)

The Special Resolution at item No. 7, if passed, will have the effect of allowing the Board of Directors to offer, issue and allot Equity Shares as Bonus to those who on the Record Date are shareholders of the Company.

The draft Memorandum and Articles of Association of the Company shall be available for inspection of the members during the weekdays on office hours upto the date of the meeting.

The Directors and Key Managerial Personnel of the Company and their relatives thereof may be deemed to be concerned or interested in the issue of the Bonus Shares to the extent of their shareholdings in the Company, or to the extent of the shareholdings of the companies/ institutions/ trusts of which they are directors or members or trustees without any beneficial interest. Save as aforesaid, none of the Directors, Key Managerial Personnel or their relatives thereof are, in any way, concerned or interested in Resolution at Item No. 7.

The proposed resolutions are in the interest of the Company and your Directors recommend the resolutions for your approval.

Details of Director seeking reappointment at the Annual General Meeting pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and Clause 1.2.5 of Secretarial Standard on General Meeting (SS-2) vide Item no. 4 of the Notice is as follows:

Particulars	Mr. Umang Kanoria
DIN	00081108
Date of Birth	02.11.1959
Date of Appointment	23.09.2013
Qualifications	Commerce Graduate with Honours from St. Xavier's College, Kolkata, an Associate Member of the Institute of Cost Accountants of India and Masters in Business Administration from International Institute for Management Development, Switzerland.
Experience in specific functional areas	He has rich experience in Tea Industry and has served as past president of Indian Chamber of Commerce and Tea Association of India and at present he is the member of the Committees.
Directorship held in other listed entities	Kanco Enterprises Limited Stel Holdings Limited Saregama India Limited
Membership/Chairmanship of Committees of listed entities (includes only Audit Committee and Stakeholders' Relationship Committee)	Member - Stakeholders' Relationship Committee of Kanco Enterprises Limited, Chairman - Audit Committee and Member-Stakeholders Relationship Committee of STEL Holdings Limited and Member of Audit Committee and Stakeholders Relationship Committee of Saregama India Limited
Number of shares held in the company	Nil
Relationship with any Director(s) of the Company	Mrs. Anuradha Kanoria and Mr. Umang Kanoria are related as Spouse.

Registered Office:

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata 700017
CIN: L15491WB1983PLC035793
Telefax: (033) 22815217
Email: contact@kancotea.in
Website: www.kancotea.in
Dated: 3rd July, 2017

By Order of the Board
For **Kanco Tea & Industries Limited**

CHARULATA KABRA
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Thirty Fourth Annual Report and the Company's audited financial statement for the financial year ended 31st March, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2017 is summarized below:

₹ in Lakhs

Particulars	Standalone		Consolidated	
	2017	2016	2017	2016
Profit Before Bad Debt, Finance Cost, Depreciation and Tax	341.73	676.15	462.90	682.76
Less: Bad Debt	-	252.36	-	252.36
Profit Before Interest, Depreciation and Tax	341.73	423.79	462.90	430.40
Less : Interest	97.48	78.35	97.48	78.35
Gross Profit for the year	244.25	345.44	365.42	352.05
Less : Depreciation	126.05	113.15	126.05	113.15
Profit Before Tax	118.20	232.29	239.37	238.90
Less : Provision For- Net Current Tax	22.66	58.32	42.86	58.55
Provision for MAT Credit Entitlement	(6.75)	(8.01)	(10.30)	(8.01)
Provision for Tax for earlier years	-	5.60	-	5.60
Deferred Tax	26.75	(4.65)	26.76	(4.65)
Profit/(Loss) After Taxation	75.54	181.03	180.05	187.41
Add : Balance Brought Forward from Last Account	1683.22	1644.37	1689.60	1644.37
	1758.76	1825.40	1869.65	1831.78
Less : Transfer to General Reserve	700.00	18.10	700.00	18.10
Less : Proposed dividend	-	88.18	-	88.18
Less : Dividend Distribution Tax	-	17.95	-	17.95
Less : Dividend for earlier years	-	17.95	-	17.95
Balance Carried to Balance Sheet	1058.76	1683.22	1169.65	1689.60

RESULTS OF OPERATIONS AND THE STATE OF THE COMPANY'S AFFAIRS

It was an unusual year in which, price differential between quality and non-quality teas narrowed resulting in lesser premium for good teas. Yours Company being manufacturer of quality teas was naturally affected by this. The Company's financial results are lower compared to previous year mainly on account of decline in own crop by 38376 Kgs and the average selling price of own tea being lower by 6.34% compared to previous year.

During the year, your Company has acquired Bamonpookrie Tea Estate from Ryam Commerce & Plantations Limited in terms of Business Transfer Agreement dated 29th March, 2017 at a purchase consideration of ₹ 28,50,00,000/- (Rupees Twenty Eight Crores Fifty Lakhs Only) and the details have been provided in Note no.42 of the Financial Statements.

The Estate is in the immediate vicinity of existing tea estates of the Company, which will help in better managerial control and lower management set up cost. All three tea estates of the Company being in one locality will result in pulling together of common available resources, optimal utilisation of capacity and lower manufacturing cost.

Your Company continued to take advantage of the Special Purpose Tea Fund Scheme announced by the Tea Board of India. In the financial year 2016-2017, 28.13 hectares, 23.65 hectares and 26.11 hectares of the plantation area were replanted, rehabilitated and uprooted respectively. The Company has also made substantial investment in factory machinery to create separate manufacturing line for tea made from bought leaves and the same will be

DIRECTORS' REPORT (Contd.)

commissioned within July, 2017.

The production of tea in the current season is more than the last year due to favourable weather and your Company anticipates increase in own tea production at the end of the current year.

The unusual trend in price difference between quality and non-quality teas that was witnessed last year has reversed itself, with the premium for quality teas improving. The north India auction average price upto May, 2017 is lower by 1.16% compared to corresponding period in the previous year. The change in market context augurs well for your Company. The increase in wage will hit the bottom line. The thrust on irrigation and replanting under SPTF will continue.

CERTIFICATIONS

The quality management system of Mackeypore Tea Estate, Kanco Tea & Industries Limited bearing ANZSIC Code: 2180 has been assessed and found to meet the requirements of ISO 9001:2008. The certificate no. IN/QMS/00270 is valid for manufacturing of black tea from green tea leaves till 14/09/2018.

The food safety systems of Mackeypore Tea Estate, Kanco Tea & Industries Limited bearing ANZSIC Code : 2180 has been assessed and found to meet the requirements of HACCP (Hazard Analysis and Critical Point). The certificate no. IN/HACCP/00027 is valid for manufacturing of black tea from green tea leaves till 19/05/2019.

The food safety systems of Mackeypore Tea Estate, Kanco Tea & Industries Limited has been assessed and found to meet the requirements of ISO 22000:2005 (Food Safety Management System). The certificate no. IN/FSMS/00065 is valid for manufacturing of black tea from green tea leaves till 20/05/2019.

Mackeypore Tea Estate & Lakmijan Tea Estate has been issued verification certificate bearing no. TS-VC/CUC/03/834385/14 & TS-VC/CUC/04/8347386/14 under trustea code for sustainable tea in India by Control Union. The trustea code covers social, agronomic, food safety, occupational health & safety and environmental criteria.

APPROPRIATIONS

Transfer to Reserves

₹ 700 Lakhs has been transferred to general reserve.

Dividend

The Directors of your Company has recommended a dividend of ₹ 7/- and ₹ 2.50/- (Last Year ₹ 7/- and ₹ 5/-) per Preference Share of Face Value of ₹ 100/- and Equity Share of Face Value of ₹ 10/- share respectively for the year under review.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form No. MGT-9 as required under Section 92 of the Companies Act, 2013 is annexed herewith marked as Annexure A to this report.

DIRECTORS

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Umang Kanoria (DIN : 00081108), Non-Executive Non-Independent Director retires by rotation at the ensuing Annual General Meeting and being eligible has offered himself for reappointment.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149(6) of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Boards' functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION ETC.

Pursuant to Section 178(3) of the Companies Act, 2013 Nomination and Remuneration Committee has formulated the criteria for identification and selection of the suitable candidates for various positions in senior management and

DIRECTORS' REPORT (Contd.)

also candidates who are qualified to be appointed as director on the Board of the Company. The Committee also recommended a policy relating to the remuneration for the directors, key managerial personnel and other senior management personnel and a process by which the performance of the directors could be evaluated and the same is annexed herewith marked as Annexure B to this report.

KEY MANAGERIAL PERSONNEL

The following persons are the Key Managerial Personnel (KMP) of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013:

- a) Mrs. A. Kanoria (DIN : 00081172), Whole-time Director
- b) Ms. Charulata Kabra, Company Secretary
- c) Mr. S. K. Parhi, Chief Financial Officer

NUMBER OF MEETINGS OF THE BOARD

Five meetings of the Board of Directors were held during the year.

AUDIT COMMITTEE

The Audit Committee comprises of Independent Directors namely Mr. Navin Nayar (Chairman) and Mr. Golam Momen and Mr. Govind Ram Banka, Non-Executive Director. All the recommendations made by the Audit Committee were accepted by the Board.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors hereby confirms that

- a) in the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit of the Company for the year ended on that date;
- c) they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they had prepared the annual accounts on a going concern basis;
- e) they had laid down internal financial control to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

STATUTORY AUDITORS

M/s Jain & Co., Chartered Accountants, Registration No. 302023E, Statutory Auditors of the Company, holds office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have expressed their willingness to continue as Statutory Auditors of the Company, if so appointed by the members. Your Company has received the consent and certificate from M/s Jain & Co., Chartered Accountants to the effect that their re-appointment if made, would be within the limits prescribed under the section 141 of the Companies Act, 2013 read with rules and that they are not disqualified for reappointment within the meaning of Section 141 of the Companies Act 2013. They have also confirmed that they hold a valid peer review certificate as prescribed under Regulation 33(1)(d) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

STATUTORY AUDITORS' REPORT

The report by the Auditors is self-explanatory and has no qualification, reservation, adverse remark or disclaimer; hence no explanation or comments by the Board were required.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed P. S. & Associates a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Auditor is annexed herewith marked as Annexure C to this report.

Further, this report has no qualification, reservation, adverse remark or disclaimer; hence no explanation or comments by the Board were required.

DIRECTORS' REPORT (Contd.)

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

Particulars of investments made by the Company are provided in Note nos. 12 & 15 to the financial statements.

The Company has neither given any loan & guarantee nor provided any security during the financial year under review. The particulars of loan as on 1st April, 2016 and 31st March, 2017 are provided in note no. 13 to the financial statements.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

MATERIAL CHANGES AND COMMITMENTS OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR UNDER REVIEW AND THE DATE OF THIS REPORT.

No material changes and commitments have occurred between the end of the financial year under review and the date of this report.

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

A statement pursuant to Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed herewith marked as Annexure D to this report.

RISK MANAGEMENT

As per requirement of Section 134(3) (n) of the Companies Act, 2013 the Board of Directors in its meeting held on 9th May, 2014 has approved the Risk Management Policy. The Board envisaged the following elements of risks which may threaten the existence of the Company.

Nature Related Risk

Tea being an agricultural produce is affected by the vagaries of weather. Weather plays a major role in determining the final output of produce. Both excess and scarcity of rainfall play havoc with the final output of produce. KTIL has carried out extensive drainage network to deal with the problem arising out of excess rainfall. KTIL has a detailed plan of action for bringing its plantation areas under irrigation and more than 70% of its plantation areas are under irrigation now.

Pest Management

Tea bushes are prone to attack by various pests like cater pillars, Loppers, Red Slugs, Red Spiders, Helopeltis, Thrips, Green Fly, etc. KTIL has experienced competent senior personnel in the garden, who controls pest by way of timely detection and spray of agro-chemicals. KTIL has also a policy of keeping adequate agro chemicals in stock in anticipation of pest attack during a particular month based on past behavior of pests. KTIL is working out on a plan on integrated pest management, which will promote the use of physical, biological and mechanical control methods, and the least possible use of agrochemicals.

Labour

Tea being a labour intensive industry is prone to loss of output due to labour unrest. KTIL provides its entire workforce employed in the estate along with their families access to drinking water, food, housing and basic medical care as per the guideline of Plantation Labour Act, 1951 and Assam Plantation Labour Rules. Workers are paid the official agreed wage as per the agreement entered into between the recognised trade union and KTIL. KTIL follows a strict 'Non-Discrimination Policy on the basis of race, creed, gender, political opinion and membership of trade union. KTIL always aim to maintain cordial relationship with its workforce.

Market Risk

The tea prices are volatile and affected by the conditions prevailing in the market. The inferior quality teas are affected more by volatility in prices in comparison to top quality teas. KTIL's thrust on making top quality teas minimized the risk due to volatility in prices.

Bought Leaf Operation

KTIL purchases green leaves from outside suppliers and produces it under a different mark called Lakmijan to protect its own mark Mackeypore. KTIL processes the bought leaves separately from its own leaves. The physical segregation of own tea leaves and bought leaves manufacturing process is clearly visible. The Company is vulnerable to volatility in selling price of tea made from bought leaves.

Risks due to Fire, Accident, Theft, etc.

KTIL has taken appropriate insurance policy to safeguard itself against loss that may arise from risks associated with fire, earthquake etc.

DIRECTORS' REPORT (Contd.)

Risk due to Fraud

KTIL has installed adequate internal control measures to minimise the occurrence of fraud and internal audit is also conducted at regular intervals by an external agency.

Risk of Doubtful and Bad Debt

The credit worthiness of sundry debtors is checked by the senior management to fix the credit period, if any to be given. The background check of new party is also carried out before deciding on the credit period.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR policy can be viewed at <http://kancotea.in/pdf/CSR%20POLICY.PDF>

The Company's CSR activities shall primarily include one or more of the items covered under Schedule VII to the Act as detailed below: -

- (i) eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- (ii) promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contribution or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects.
- (xi) slum area development

Preference shall be given to Company's Business and areas around Company's Tea Estates for spending the amount earmarked for CSR.

During the year, the Company has spent ₹ 8,08,000/- (includes ₹ 4,05,043/- unspent in the previous year 2015-2016). The unspent amount of ₹ 2,00,802/- for which no plan of expenditure was presented by Kanco CSR Trust will be spent in the financial year 2017- 2018. The Annual Report on CSR activities is annexed herewith marked as Annexure E to this report.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on 31st March, 2017, we have one wholly owned subsidiary namely Winnow Investments and Securities Private Limited. During the year, the Board of Directors reviewed the affairs of the subsidiary. In accordance with Section 129(3) of the Companies Act, 2013, we have prepared the consolidated financial statement of the company and its subsidiary, which form part of the Annual Report. The revenue and profit after tax of the subsidiary for the financial year ended 31st March, 2017 was ₹ 1,21,51,630/- (P.Y. ₹ 9,95,838/-) and ₹ 1,04,50,719/- (P.Y. ₹ 6,38,660/-) respectively. The total asset of the subsidiary as on 31st March, 2017 was ₹ 2,27,21,335/- (P.Y. ₹ 1,02,73,006/-). Further, a statement containing the salient features of the financial statement of our subsidiary in the prescribed format AOC-1 is annexed to the financial statements.

DEPOSITS

During the year under review, the Company has not accepted any deposits, within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

DIRECTORS' REPORT (Contd.)

Pursuant to Rule 2(c) (viii) of the Companies (Acceptance of Deposits) Rules, 2014, the Company has received money from its Directors, the details of which are provided in the Financial Statement.

MATERIAL ORDERS PASSED BY THE REGULATORS /COURTS/ TRIBUNAL

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

INTERNAL CONTROLS

The Company has an effective Internal Control system with reference to Financial Statements. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of the Internal Control System. The Company's internal Control System is commensurate with its size, scale and complexities of its operations.

VIGIL MECHANISM

The Company has a Vigil Mechanism / Whistle Blower policy to report genuine concerns and grievances. Protected disclosures can be made by a whistle blower through an email or dedicated telephone line or a letter to the Chairman of the Audit Committee. Website: http://kancotea.in/pdf/VIGIL%20MECHANISM_WHISTLE%20BLOWER%20POLICY.PDF

STOCK EXCHANGE

The Company's equity shares are listed at the Calcutta Stock Exchange Limited (Scrip Code-10014107). The Company's equity shares are traded at the Bombay Stock Exchange Limited (Scrip Code-590130) as per MOU signed between CSE and BSE. Listing Fees for the financial year 2017-2018 has been paid.

During the year under review, the Bombay Stock Exchange Limited had discontinued the trading permission of the company's equity shares on its platform with effect from 8.03.2017 due to procedural reasons. However, the trading permission on the Bombay Stock Exchange Limited has resumed again from 26.04.2017 under Group XD vide Notice No. 20170424-27, dated 24.04.2017.

CORPORATE GOVERNANCE

The Corporate Governance provisions as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is not applicable to the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review, as stipulated under Regulation 34(3) read with Schedule V to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed herewith marked as Annexure F to this report.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Dividend which remains unclaimed out of the dividend declared by the Company for the year ended 31st March, 2010 at the Annual General Meeting held on 13th August, 2010 will be transferred to the Investor Education and Protection Fund ("IEPF") by 13th October, 2017, pursuant to Sections 124 and 125 of the Companies Act, 2013. Thereafter no claim shall lie on the Company for the said unclaimed dividend. Shareholders will have to make their claims with the IEPF Authority following the appropriate rules in this regard.

Equity Shares corresponding to the dividend unclaimed for seven consecutive years will also be transferred in the name of demat account of the IEPF Authority. Individual notices and advertisements have been made in this regard and is also available on the website of the Company. Notices dated 6th June, 2017 have also been sent to all the members concerned reminding them to encash their unclaimed dividend.

List of shareholders whose dividend remains unclaimed till the date of AGM held on 29th July, 2017 is available on the Company's website "www.kancotea.in".

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

No complaints have been received during the year under review by the respective Internal Complaints Committee.

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during

DIRECTORS' REPORT (Contd.)

the financial year 2016-2017 and the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-2017 are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for financial year 2016-17 (₹ in Lakhs)	% increase in Remuneration in the F.Y. 2016-17	Ratio of remuneration of each Director to median remuneration of employees
1.	Mrs. Anuradha Kanoria, Whole-time Director	33.11	11.44%	16.84
2.	Ms. Charulata Kabra, Company Secretary (refer note)	7.80	546.76%	3.97
3.	Mr. S. K. Parhi, Chief Financial Officer	16.13	16.17%	8.20
4.	Mr. Umang Kanoria, Non-Executive Director	0.75	0.00%	0.38
5.	Mr. Golam Momen, Independent Director	0.60	(20.00%)	0.31
6.	Mr. Navin Nayar, Independent Director	0.60	(20.00%)	0.31
7.	Mr. G. R. Banka, Non-Executive Director	0.75	66.67%	0.38

- ii) The median remuneration of employees of the Company during the financial year was ₹ 1,96,668/-
- iii) the percentage increase in median remuneration of the employees of the Company - 39.30 %
- iv) Number of permanent employees on the rolls of the Company - 2437
- v) Average percentile increase already made in the last financial year
- In the salaries of employees other than the managerial personnel - 3.16%
 - Percentile increase in the managerial remuneration - 21.06%
 - Justification for such increase in remuneration & exceptional circumstances for increase in the managerial remuneration – The fixed part of salary paid to Whole-time Director is as per the agreement signed pursuant to passing of resolution by the members at the general meeting. The increase in salary of KMP other than Whole-time Director is as per experience, qualification, market trends and industry bench mark.
- vi) Key parameters for any variable component of remuneration availed by the directors - ₹ Nil for the year under review.
- vii) Ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - Not applicable as there are no employees receiving higher remuneration than the highest paid director.
- xi) It is hereby affirmed that the remuneration paid to the directors, key managerial personnel and other employees is as per the remuneration policy of the Company.
- Note** - Liability for gratuity and leave encashment as required by Accounting Standard-15 issued by The Institute of Chartered Accountants of India is provided on actuarial valuation report for the Company as a whole. The amount pertaining to individual employee is not ascertainable and therefore not included in the above calculation.
- B.** Disclosures pertaining to remuneration and other particulars as prescribed under the provisions of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are annexed herewith marked as Annexure G to this report.

Acknowledgement

Your Directors place on record their appreciation for the cooperation and support extended by the Employees, Banks/ Financial Institutions and all other business partners.

For and on behalf of the Board of Directors

Place: Kolkata

Dated: 3rd July, 2017

U. KANORIA
Chairman & Director
DIN:00081108

DIRECTORS' REPORT (Contd.)

ANNEXURE-A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- | | |
|---|---|
| (i) CIN | : L15491WB1983PLC035793 |
| (ii) Registration Dates | : 07.02.1983 |
| (iii) Name of the Company | : Kanco Tea & Industries Limited |
| (iv) Category / sub-category of the Company | : Company Limited by shares/Non-Government Company |
| (v) Address of the Registered office and Contact details | : Jasmine Tower, 3rd Floor
31, Shakespeare Sarani
Kolkata – 700 017
Telefax : 033-22815217
E-mail : contact@kancotea.in |
| (vi) Whether listed company | : Yes |
| (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any | : C B Management Services (P) Ltd.
P-22, Bondel Road, Kolkata – 700 019
Phone: 033-40116700, 22806692/93/94/2486
Fax: 033-22870263, Email: rta@cbmsl.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of the main products / services	NIC Code of the Product / Service	% of total turnover of the Company
1.	Cultivation, Manufacturer and Sale of Tea	01271; 10791	96.00

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Name & Address of the Company	CIN	Holding / Subsidiary/ Associate	% of shares held*	Applicable Section
Winnow Investments and Securities Private Limited Jasmine Tower, 3 rd Floor, 31 Shakespeare Sarani, Kolkata- 700017	U65910WB2015PTC205912	Subsidiary	100.00	2(87)(ii)

DIRECTORS' REPORT (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders		No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
1.	Indian									
(a)	Individual/ HUF	502797	-	502797	29.44	502797	-	502797	29.44	-
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	698497	-	698497	40.91	698497	-	698497	40.91	-
(e)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(f)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total(A)(1)	1201294	-	1201294	70.35	1201294	-	1201294	70.35	-
2.	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks/Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total(A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	1201294	-	1201294	70.35	1201294	-	1201294	70.35	-
B.	Public Shareholding									
(1)	Institutions									
(a)	Mutual funds	5268	26	5294	0.31	5268	-	5268	0.31	(0.00)
(b)	Banks/ FI	6	123	129	0.01	6	19	25	0.00	(0.01)
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government	-	1497	1497	0.09	-	1497	1497	0.09	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	5274	1646	6920	0.41	5274	1516	6790	0.40	(0.01)

DIRECTORS' REPORT (Contd.)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2016)				No. of Shares held at the end of the year (as on 31.03.2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non- Institutions									
(a) Bodies Corporate									
(i) Indian	39400	1039	40439	2.37	40681	747	41428	2.43	0.06
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	202085	96457	298542	17.48	206603	77273	283876	16.62	(0.86)
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	83965	68500	152465	8.93	86125	68500	154625	9.05	0.12
(c) Others (specify)									
NRIs/OCBs	638	561	1199	0.07	335	-	335	0.02	(0.05)
Clearing Member	5850	-	5850	0.34	-	-	-	-	(0.34)
Unclaimed Shares	900	-	900	0.05	900	18361	19261	1.13	1.08
Sub-Total (B)(2)	332838	166557	499395	29.24	334644	164881	499525	29.25	0.01
Total Public Shareholding (B)=(B)(1)+(B)(2)	338112	168203	506315	29.65	339918	166397	506315	29.65	-
C. Shares held by Custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	1539406	168203	1707609	100.00	1541212	166397	1707609	100.00	-

(ii) Shareholding of Promoters

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	
1	Stuti Kanoria	68574	4.02	-	68574	4.02	-	-
2	Anuradha Kanoria	183147	10.73	-	183147	10.73	-	-
3	Satvik Kanoria	95541	5.60	-	95541	5.60	-	-
4.	Umang Kanoria (HUF)	155535	9.11	-	155535	9.11	-	-

DIRECTORS' REPORT (Contd.)

(ii) Shareholding of Promoters (Contd.)

Sl. No	Name of the Shareholder	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	No of Shares	% of total Shares of the company	% of Shares pledged/encumbered to total shares	
5.	Satvik Welfare Trust	249300	14.60	-	249300	14.60	-	-
6.	E.T Resources Private Limited	292541	17.13	-	292541	17.13	-	-
7.	S.T Investment Private Limited	27006	1.58	-	27006	1.58	-	-
8.	Innova Properties Private Limited	12000	0.70	-	12000	0.70	-	-
9.	Facitcon Investments Private Limited	86650	5.07	-	86650	5.07	-	-
10	Nidhi Private Limited	31000	1.81	-	31000	1.81	-	-
TOTAL		1201294	70.35	-	1201294	70.35	-	-

(iii) Change in Promoters' Shareholding (Please specify, if there is no change) : No Change

Particulars	Shareholding at the beginning of the year/ end of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the year	1201294	70.35	-	-
Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity, etc.)	-	-	-	-
At the end of the year	1201294	70.35	1201294	70.35

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Shareholder	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Sathya S				
	At the beginning of the year	28240	1.65		1.65
	Purchase of shares on 13.05.2016 Sale of shares on 07.10.2016	90 (28330)	0.01 (1.66)	28330 -	1.66 -
	At the end of the year			-	-

DIRECTORS' REPORT (Contd.)

(iv) Shareholding Pattern of top ten Shareholders (Contd.)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Shareholder	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
2	Manoj Bajaj HUF				
	At the beginning of the year	27500	1.61	27500	1.61
	Purchase/Sale			-	-
	At the end of the year			27500	1.61
3	Gauri Shankar Bajaj HUF				
	At the beginning of the year	26000	1.52	26000	1.52
	Purchase/Sale	-	-	-	-
	At the end of the year			26000	1.52
4	Wind Power Vinimay Private Limited				
	At the beginning of the year	20895	1.22	20895	1.22
	Purchase/Sale	-	-	-	-
	At the end of the year			20895	1.22
5	Subramanian P				
	At the beginning of the year	16180	0.95	16180	0.95
	Purchase of shares on 22.07.2016	180	0.01	16360	0.96
	Purchase of shares on 14.10.2016	44780	2.62	61140	3.58
	At the end of the year			61140	3.58
6	Manoj Bajaj				
	At the beginning of the year	15000	0.88	15000	0.88
	Purchase/Sale	-	-	-	-
	At the end of the year			15000	0.88
7	Sangeetha S				
	At the beginning of the year	14560	0.85	14560	0.85
	Purchase of shares on 08.04.2016	124	0.01	14684	0.86
	Purchase of shares on 22.04.2016	421	0.02	15105	0.88
	Purchase of shares on 06.05.2016	22	0.00	15127	0.89
	Purchase of shares on 13.05.2016	153	0.01	15280	0.89
	Purchase of shares on 20.05.2016	720	0.04	16000	0.94
	Purchase of shares on 17.06.2016	270	0.02	16270	0.95
	Purchase of shares on 29.07.2016	180	0.01	16450	0.96
	Sale of shares on 07.10.2016	(16450)	(0.96)	-	-
	At the end of the year			-	-
8	Dr Ramesh Chimanlal Shah				
	At the beginning of the year	13659	0.80	13659	0.80
	Purchase/Sale	-	-	-	-
	At the end of the year			13659	0.80
9	Subhas Punamchand Shah				
	At the beginning of the year	11326	0.66	11326	0.66
	Purchase/Sale	-	-	-	-
	At the end of the year			11326	0.66

DIRECTORS' REPORT (Contd.)

(iv) Shareholding Pattern of Top Ten Shareholders (Contd.)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Shareholder	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
10	Apurva Consultants Private Limited				
	At the beginning of the year	6000	0.35	6000	0.35
	Sale of shares on 30.09.2016	(1000)	(0.06)	5000	0.29
	Sale of shares on 07.10.2016	(2000)	(0.12)	3000	0.18
	Sale of shares on 21.10.2016	(2000)	(0.12)	1000	0.06
	Sale of shares on 21.10.2016	(1000)	(0.06)	-	-
	At the end of the year			-	-
11	Saifuddin Fakhruddin Miyajiwalla				
	At the beginning of the year	5051	0.30	5051	0.30
	Purchase of shares on 19.08.2016	1000	0.06	6051	0.35
	Purchase of shares on 07.10.2016	233	0.01	6284	0.37
	Purchase of shares on 14.10.2016	391	0.02	6675	0.39
	Purchase of shares on 21.10.2016	3471	0.20	10146	0.59
	Sale of shares on 10.02.2017	(146)	(0.01)	10000	0.59
	At the end of the year			10000	0.59
12	Daya Shanker Shukla	4320	0.25	4320	0.25
	At the beginning of the year				
	Purchase of shares on 17.06.2016	360	0.02	4680	0.27
	Purchase of shares on 07.10.2016	360	0.02	5040	0.30
	Purchase of shares on 03.03.2017	356	0.02	5396	0.32
	At the end of the year			5396	0.32
13	Sudhir N				
	At the beginning of the year	-	-	-	-
	Purchase of shares on 02.09.2016	1104	0.06	1104	0.06
	Purchase of shares on 16.09.2016	767	0.04	1871	0.11
	Purchase of shares on 07.10.2016	1506	0.09	3377	0.20
	Purchase of shares on 02.12.2016	172	0.01	3549	0.21
	Purchase of shares on 09.12.2016	186	0.01	3735	0.22
	Purchase of shares on 16.12.2016	253	0.01	3988	0.23
	Purchase of shares on 23.12.2016	403	0.02	4391	0.26
	Purchase of shares on 30.12.2016	79	0.00	4470	0.26
	Purchase of shares on 06.01.2017	89	0.01	4559	0.27
	Purchase of shares on 13.01.2017	582	0.03	5141	0.30
	At the end of the year			5141	0.30

DIRECTORS' REPORT (Contd.)

(v) Shareholding of Directors and Key Managerial Personnel :					
Sl. No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name of the Directors/Key Managerial Personnel (KMP)	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
	DIRECTORS				
1.	Golam Momen				
	At the Beginning of the year	65	0.00	65	0.00
	Purchase/Sale	-	-	-	-
	At the end of the year			65	0.00
	KEY MANAGERIAL PERSONNEL				
1.	Anuradha Kanoria				
	At the Beginning of the year	183147	10.73	183147	10.73
	Purchase/Sale	-	-	-	-
	At the end of the year			183147	10.73
2.	Subhra Kanta Parhi				
	At the Beginning of the year	30	0.00	30	0.00
	Purchase/Sale	-	-	-	-
	At the end of the year			30	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Secured Loans excluding deposits	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
(i) Principal Amount	6,15,02,153	50,00,000	6,65,02,153
(ii) Interest due but not paid	42,38,478	-	42,38,478
Total (i+ii)	6,57,40,631	50,00,000	7,07,40,631
Change in Indebtedness during the financial year			
Addition	23,56,18,806	6,62,50,323	30,18,69,129
Reduction	-	-	-
Net Change	23,56,18,806	6,62,50,323	30,18,69,129
Indebtedness at the end of the financial year			
(i) Principal Amount	29,81,93,083	7,12,50,323	36,94,43,406
(ii) Interest due but not paid	31,66,354	-	31,66,354
Total (i+ii)	30,13,59,437	7,12,50,323	37,26,09,760

DIRECTORS' REPORT (Contd.)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(Amount in ₹)

A. Remuneration to Managing Director/Whole time Director and/or Manager:

Sl. No.	Particulars of Remuneration	Name of Whole Time Director-Anuradha Kanoria	Total Amount
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	28,00,000	28,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,10,962	5,10,962
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission		
	- as % of profit	-	-
	- others, specify	-	-
5.	Others, please specify	-	-
	Total (A)	33,10,962	33,10,962
	Ceiling as per the Act	84,00,000	84,00,000

B. Remuneration of other Directors

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Golam Momen	Navin Nayar	
1.	Independent Directors			
	Fee for attending Board/ Committee meetings	60,000	60,000	1,20,000
	Commission	-	-	-
	Others (please specify)	-	-	-
	Total (1)	60,000	60,000	1,20,000
2.	Other Non-Executive Directors	Umang Kanoria	Govind Ram Banka	
	Fee for attending Board/ Committee meetings	75,000	75,000	1,50,000
	Commission	-	-	-
	Others (please specify)	-	-	-
	Total (2)	75,000	75,000	1,50,000
	Total (B)= (1+2)	1,35,000	1,35,000	2,70,000
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			₹ 84,00,000

DIRECTORS' REPORT (Contd.)
C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Charulata Kabra Company Secretary	S.K.Parhi CFO	
1.	Gross Salary			₹
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	7,61,054	15,75,849	23,36,903
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	18,147	18,147
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	
2.	Stock Option	-	-	
3.	Sweat Equity	-	-	
4.	Commission		-	
	- as % of profit	-	-	
	- others, specify	-	-	
5.	Others, please specify	-	-	
	Total	7,61,054	15,93,996	23,55,050

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	Nil				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	Nil				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil				
Punishment					
Compounding					

For and on behalf of the Board of Directors

Place: Kolkata
Dated: 3rd July, 2017

U. KANORIA
Chairman & Director
DIN : 00081108

DIRECTORS' REPORT (Contd.)

ANNEXURE-B

NOMINATION & REMUNERATION POLICY & PERFORMANCE EVALUATION OF DIRECTORS

Introduction

The Board of Directors (herein after referred as 'Board') of the Company at its meeting held on May 9, 2014 have re-constituted the existing Remuneration Committee by changing its nomenclature as Nomination & Remuneration Committee (herein after referred as 'Committee') of the Board of Directors in accordance with the provision of Section 178 of the Companies Act, 2013 and also stipulated additional terms of reference in line with the Companies Act, 2013.

The Committee in their meeting held on May 12, 2014 has formulated the criteria for identification and selection of the suitable candidates for various positions in senior management and also candidates who are qualified to be appointed as director on the Board of the Company. The Committee also recommended a policy relating to the remuneration for the directors, key managerial personnel and other senior management personnel and a process by which the performance of the directors could be evaluated.

I. Criteria for selection of members on the Board of Directors and Senior Management

The Committee has adopted the following criteria for selection of members on the Board of the Company and also candidates eligible to be appointed in the senior management of the Company.

A) Criteria for Selection of Directors

Before making any recommendation to the Board for appointment of any director, the Committee shall ensure that the candidate:

possess positive attributes/qualities such as leadership, accumenship, and experience in running industrial units, entrepreneurship or such other attributes which in the opinion of the Committee the candidate possess, and are in the interest of the Company.

- a) is not disqualified under Sections 164 and 167 of the Companies Act, 2013.
- b) complies with the conditions of being independent as stipulated under the Companies Act, 2013 and Listing Agreement entered into with Stock Exchanges in case of appointment as an independent director.
- c) possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, corporate governance, technical operations, infrastructure or such other areas or disciplines which are relevant for the Company's business.

B) Criteria for selection of Senior Management Personnel

The term Senior Management shall have the same meaning as provided under the explanation to Section 178 of the Companies Act, 2013.

The Committee shall, before making any recommendation to the Board for appointment should ensure that the candidate has the following attributes:

- a) rich experience in any of the areas viz. banking, financial management, legal, sales, marketing, administration, corporate governance, technical operations, or such other areas or disciplines which in the opinion of the management and committee are relevant for the Company's business.
- b) possesses qualities that demonstrate leadership skills, decision making skills, effective communication, hard work, commitment and such other attributes which in the opinion of the Committee the candidate possess and are in the interest of the Company.

If the Committee after due deliberation finds that the candidate meets the above criteria for appointment (as director on the Board or in senior management), then it shall make its recommendation to the Board.

Any amendment to the above criteria for directors and senior management shall be subject to the prior approval of the Committee and any such amendment shall be informed to the Board of Directors.

DIRECTORS' REPORT (Contd.)

II. Remuneration Policy for directors, Senior Management and Key Managerial Personnel

A) Remuneration of Managing Director, Whole Time Director and Manager

The Committee while considering the remuneration of the Managing Director, the Whole Time Director and Manager (wherein there is no Managing Director), may take into consideration the performance, the experience of the person, his/her background, job-profile and suitability, his/her past remuneration, the comparative remuneration profile in the industry, size of the company, responsibilities shouldered by the Managing Director / Whole Time Director etc., provided that any remuneration considered by the Committee shall be in accordance and within the limits stipulated under the Companies Act, 2013.

B) Remuneration of Non-Executive Director (NED)

- a) The remuneration to the NEDs may be restricted to the sitting fees being paid for attendance of the meeting of the Board of the Directors
- b) The Independent Directors of the Company shall be entitled to remuneration restricted to the sitting fees being paid for attendance of the meeting of the Board of the Directors provided that any sitting fees paid to the Independent Director shall not be less than the sitting fees paid to non-executive directors.
- c) Independent Directors shall not be eligible for stock options of the Company, if any.
- d) The NEDs and Independent Directors of the Company shall be paid in addition to the sitting fees a percentage of net profits in a Financial Year, subject to the approval of the Shareholders in the General Meeting.

C) Remuneration of Senior Management Personnel and KMPs

The Remuneration of the Senior Management Personnel and KMPs shall be in accordance with the policy of the Company which is applicable to the employees. The Committee may consider the remuneration of a Senior Management Personnel keeping in view of the achieving yearly targets, Performance of Business/ Functions under his control, contribution for long term & strategic growth of the Company.

III. Evaluation of performance of Directors

A) Evaluation of the performance of Managing Director / Whole Time Director

The performance of the Managing Director/Whole Time Director of the Company may be carried out taking into consideration the performance of the Company vis-à-vis the budgets as well as performance of its competitors, emphasis on achieving top line and bottom line targets, influencing the executives to achieve specific and predetermined goals during the financial year, looking after the interest of Shareholders and ensuring sustained long-term goals.

B) Evaluation of the performance of Non-Executive Directors and Independent Directors (NEDs and IDs)

The Committee while evaluating the performance of the NEDs and IDs may take into consideration various factors as mentioned below:

- a) Attendance at Meetings – attendance at Board Meetings, AGMs, Committee Meetings
- b) Other Directorships held by the NED – in listed or unlisted companies
- c) Other companies in which NED is a Chairperson
- d) Participation at Board/Committee Meetings
- e) Input in strategy decisions
- f) Review of Financial Statements, risks and business performance
- g) Time devoted towards discussion with Management
- h) Review of Minutes – Board Minutes, Committee Meeting Minutes and AGM Minutes

For and on behalf of the Board of Directors

Place: Kolkata

Dated: 3rd July, 2017

U.KANORIA
Chairman & Director

DIRECTORS' REPORT (Contd.)

ANNEXURE-C

SECRETARIAL AUDIT REPORT for the financial year ended 31st March 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Kanco Tea & Industries Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Kanco Tea & Industries Limited**. (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') : -
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client.
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company under the financial year under report :
 - a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - b. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
3. The Company is in the Tea business owning garden(s) and producing Tea. The following Acts, over and above other laws etc., are applicable to the Company:
 - Assam Tea Plantation Labour Act, 1951.
 - Food Safety and Standards Act, 2006

DIRECTORS' REPORT (Contd.)

- Tea Act, 1953
 - Tea Waste Control (Order) 1959
 - Tea Marketing Control Order, 2003
4. We have also examined compliance with the applicable clauses of the following :
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - (ii) The Listing Agreement(s) entered into by the Company with the Calcutta Stock Exchange Limited as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
The Company's Equity Shares are traded at Bombay Stock Exchange Limited (BSE) under permitted category as per M.O.U. entered into between CSE and BSE.
5. As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we report that the provisions of the Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of :
- (i) External Commercial Borrowings were not attracted to the Company under the financial year under report;
 - (ii) Foreign Direct Investment (FDI) were not attracted to the company under the financial year under report;
 - (iii) Overseas Direct Investment by Residents in Joint Venture / Wholly Owned Subsidiary abroad were not attracted to the company under the financial year under report.
6. During the financial year under report, the Company has complied with the provisions of the Companies Act, 2013 and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observation(s) :
- Observation(s):**
- a. The Company has partially spent the funds for the activities specified under Section 135 of the Companies Act, 2013 through KANCO-CSR Trust.
7. As per the information and explanations provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
8. We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.
9. We further report that:
- (a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - (b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
10. We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
11. We further report that :
- a) The Company has also made substantial investment in factory machinery to create separate manufacturing line for tea made from bought leaves and the same will be commissioned within July, 2017.
 - b) The Company has entered into a business transfer agreement on 29th March, 2017 with M/s Ryam Commerce & Plantations Limited for acquisition of their Bamon Pookrie Tea Estate on Asset sale basis. The value of the transaction envisaged is approximately Rs. 2,850 lakhs.

DIRECTORS' REPORT (Contd.)

- c) The trading permission of equity shares of the Company (which were permitted to be traded on The Bombay Stock Exchange Limited (BSE) as per Memorandum of Understanding under "Permitted to Trade") was suspended due to procedural reason by the BSE w.e.f. 8th March, 2017.

As on the date of signing of this report, the trading has resumed on the BSE.

For P S & Associates

PRITI TODI

Partner

Place : Kolkata

Date : 14/06/2017

C.P.No.: 7270, ACS:14611

To,

The Members

Kanco Tea & Industries Limited

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For P S & Associates

PRITI TODI

Partner

Place : Kolkata

Date :14/06/2017

C.P.No.: 7270, ACS:14611

ANNEXURE-D

A statement pursuant to Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption, foreign exchange earnings & outgo

a. Conservation of Energy

- (i) the steps taken for conservation of energy: -

The Company is aware of the importance of energy conservation in decreasing the inimical effects of global warming and climate change. The Company has undertaken various energy conservation measures for reducing the carbon foot print.

Major energy conservation initiatives taken during the year under review are: -

- The Company has placed order for a new fuel efficient Generator Set, which will result in more KWH per litre of H.S.D..
- The Company has also placed order for one new Energy Efficiency Transformer confirming to IS1180 Level 1, which will result in less distribution loss of electricity units.

DIRECTORS' REPORT (Contd.)

- Order for one VCB has been placed for efficient utilization of grid and tackle with low voltage supply.
- The Company is replacing CFL Bulbs with LED Bulbs in a phased manner.
- (ii) the steps taken by the company for utilising alternate sources of energy: -
The Company's factory is situated in north east India, where the solar irradiation and wind speed is lower than rest of India. The cost of installation of solar power & wind power is also too high at present. The Company will consider installation of the same as and when the cost becomes economical.
- (iii) the capital investment on energy conservation equipment: -
The Company has made an advance payment of ₹ .43,78,650/- on energy conservation equipment during the year under review.

b. Technology Absorption

- (i) the efforts made towards technology absorption
The Company has three tea estates in state of Assam and manufactures tea at its factory. The cultivation of tea is basically an agricultural operation. The Company is improving the field practices at field and the manufacturing process at factory indigenously.
The Company has adopted the following to mitigate the shortage of workers and reduce the cost of production: -
 - JCB is used for uprooting of old tea bushes
 - Tractor Mounted Pit Digger and Auger is used for digging holes for planting of teas in uprooted areas.
 - Tea Pruners and Power Sprayers are used for pruning and spraying of pesticides.
 The Company has started processing of vermicompost at its tea estates to reduce the use of chemical fertilizers.
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution
The Company has derived benefit in terms of reducing cost of production, mitigating shortage of labour to some extent and improvement in quality of work.
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable
- (iv) the expenditure incurred on Research and Development
The Company subscribes to Tea Research Association which is registered under Section 35(1) (ii) of the Income Tax Act, 1961, to carry out R & D work for Tea industry and their expert advice is also taken through visits by their Advisory Officers to the estates from time to time.
The Company has given a subscription of ₹ 4,34,668/- to Tea Research Association during the year under review.

c. Foreign Exchange Earnings and Outgo

The Company has not made any direct export but its teas are sold to merchant exporters. The Company continues its efforts to find a suitable market for direct export of its teas.

Particulars	₹ in Lakhs
1. Foreign Exchange earned in terms of Actual Inflows	Nil
2. Foreign Exchange Outgo	42.13

For and on behalf of the Board of Directors

U. KANORIA

Chairman & Director

DIN:00081108

Place: Kolkata

Dated: 3rd July, 2017

DIRECTORS' REPORT (Contd.)

ANNEXURE-E

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to Clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: Kanco Tea & Industries Limited (KTIL) is conscious of its social responsibilities and the environment in which it operates. The Company has framed a CSR policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Company's website and the weblink for the same is <http://kancotea.in/pdf/CSR%20POLICY.PDF>.
2. The Composition of the CSR Committee:
 - Mr. Umang Kanoria (Chairman)
 - Mr. Govind Ram Banka
 - Mr. Navin Nayar
3. Average net profit of the company for last three financial years : ₹ 3,01,87,949/-
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 6,03,759/-
5. Details of CSR spent during the financial year :
 - (a) Total amount to be spent for the financial year : ₹ 10,08,802/- (includes ₹ 4,05,043/- unspent in the previous year 2015-2016)
 - (b) Amount unspent, if any : ₹ 2,00,802/-
 - (c) Manner in which the amount spent during the financial year is detailed below:

Sl. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads (₹)	Cumulative expenditure upto to the reporting period (₹)	Amount spent: Direct or through implementing agency
1	The Company is undertaking its CSR activity through KANCO-CSR TRUST.	Promoting health care through better sanitation	Town: Nazira, District: Sivasagar (Assam)	10,08,802/-	8,08,000/-	8,08,000/-	Amount spent through KANCO-CSR TRUST (Registered Trust) formed by the Company for carrying out CSR activities
TOTAL				10,08,802/-	8,08,000/-	8,08,000/-	

6. The CSR Committee confirms the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

For and on behalf of the Board of Directors

U. KANORIA
DIN : 00081108
Chairman-CSR Committee

A. KANORIA
DIN : 00081172
Whole-time Director

Kolkata, 3rd July, 2017

DIRECTORS' REPORT (Contd.)

ANNEXURE-F

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Overview

The Company being a producer of premium quality teas has been able to cater to the needs of its valued customers. The Company being in quality segment will gain from increase in average realization of quality teas.

- a) **Industry Structure and Developments:** The major growing countries witnessed increase in crop during calendar year 2016. India being the largest producer of black tea, produced 1250.49 million kgs of tea as against 1213.03 million kgs of tea during the year ended 31st March, 2017. The all India auction average price was ₹ 133.51 as against ₹ 127.62 during the year ended 31st March, 2016. (Source: Tea Board of India and Indian Tea Association).

The Tea Industry is divided into two segments viz, top quality segment and medium & low segment. The market for medium & low quality tea is at present sluggish due to abundant availability of such teas. However, with increasing awareness about quality among consumers, there has been a rise in demand for quality teas and as a result the prices of quality teas continue to remain remunerative.

- b) **Opportunities & Threats:** India is the world's second largest tea consumer and the per capita consumption of teas in India is increasing every year. The customers nowadays prefer quality tea and willing to pay more for the same. Increasing consumer awareness for quality, branding and promotion will have positive impact on prices in domestic market.

The share of the organised section in Indian Tea Industry has declined from 94 per cent in 90s to 66 per cent at present. The inferior quality and lower cost of production of teas produced by small growers, climate change, stiff competition from Kenya, Srilanka, China over pricing in export market and shortage of labour poses a threat to the Industry.

- c) **Segment Analysis and Review:**

Particulars	Units	2016-2017	2015-2016	% Change
Production of Black Tea	Kgs	21,77,909	21,74,461	0.16%
Sale of Black Tea	Kgs	21,46,452	21,09,295	1.76%
Average Realisation	₹ /Kg.	185.34	197.76	(6.28)%
Profit before Interest but after Depreciation	₹ in Lakhs	215.68	310.51	(30.54)%

- d) **Outlook:** The Current season has started with favourable weather conditions. However the price of teas in medium and low quality segments are depressed due to abundant availability of such teas and the prices are lower compared to last year. The prices of quality teas are higher compared to last year and this trend should continue till end of the year. The shortfall of crop in Kenya is a bullish factor. The increase in cost of production will affect the performance.

- e) **Risks & Concerns:** The tea Industry is largely dependent on vagaries of weather and weather plays a major role in determining the final output of produce. Both excess and scarcity of rainfall play havoc with the final output of produce.

The Tea Industry is highly labour intensive and is subject to stringent labour laws. The cost of production is substantially higher compared to other tea producing countries due to high labour wage and social cost. Any further increase in wage will substantially hit the bottom line.

The share of unorganized section in Indian Tea Industry is at present 34 per cent and their cost of production is significantly lower than organised section because they operate in a totally different cost structure.

To mitigate various type of risks that the Company has to face, the Board of Directors of the Company has adopted a Risk Management Policy and implemented the same.

- f) **Internal control systems and their adequacy:**

The Company has adequate system of internal controls and necessary checks and balances are introduced/strengthened so as to ensure:-

DIRECTORS' REPORT (Contd.)

- a) that its assets are safeguarded and protected against losses.
- b) that all transactions are authorised, recorded and reported properly.
- c) that accounting records are properly maintained and its financial statements are reliable.

The significant findings, if any, are placed before the Audit Committee of the Board and corrective measures are recommended for implementation. The Company appoints external firms of Auditors to conduct internal audit and their reports are reviewed by the management and the Audit Committee.

g) **Discussion on financial performance with respect to operational performance:**

The prices of quality teas were lower compared to previous year and the Company being in quality segment suffered from the same. Own crop during the year also declined by 38376 Kgs compared to previous year. The profit of the Company financial performance therefore was during the year was better compared to previous year. However, the creation of provision for bad debt has reduced the profit of the Company by ₹ 252.36 Lakhs.

h) **Information regarding Human Resources/Industrial Relations:**

The Company is an ISO 9001:2008 certified Company. The Company has a favourable working environment that motivates performance, customer focus and innovation and adheres to the highest degree of quality and integrity amongst employees. Industrial relations at the Company remain cordial. Manpower employed with the Company as at 31st March, 2017 was 2437 compared to 1570 as on 31st March, 2016.

Cautionary Statement

The statements in this report describing the company's policy, strategy, projections, estimation and expectations may appear forward looking statements within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events and the actual results could materially differ from those expressly mentioned in this Report or implied for various factors including those mentioned in the paragraph "Risks and Concerns" herein above and subsequent developments, information or events.

For and on behalf of the Board of Directors

Place: Kolkata

Dated: 3rd July, 2017

U. KANORIA
Chairman & Director
DIN:00081108

Information required under Regulation 39(4) read with Schedule VI to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Shares issued under the Scheme of De-merger, remaining unclaimed and lying in the Escrow Account: -

Aggregate No. of Share Holders whose shares are lying in the Suspense Account as on 01/04/2016	4249
Aggregate No. of Shares lying in the Suspense Account as on 01/04/2016	19261
Number of shareholders who approached issuer for transfer of shares from Suspense Account during the year	-
Number of shareholders to whom shares were transferred from Suspense Account during the year	-
Aggregate No. of Share Holders whose shares are lying in the Suspense Account as on 31/03/2017	4249
Aggregate No. of Shares lying in the Suspense Account as on 31/03/2017	19261

Note :

** The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Information required under Regulation 39(4) read with "E" of Schedule VI to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Shares issued in Physical Form under the Scheme of De-merger, which remains unclaimed: -

The Shares are lying in a single folio in the name of "Unclaimed Suspense Account" in the dematerialized account opened with CDSL. The Members concerned are requested to lodge their Claim with the Company's Registrars and Share Transfer Agents, C B Management Services Private Limited in case no Equity Shares have been received by them after demerger of tea division of Kanco Enterprises Limited into the Company.

DIRECTORS' REPORT (Contd.)
ANNEXURE-G
Disclosure in Directors' Report pursuant to Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014

Sl. No.	Employee Name	Designation	Remuneration Received	Qualification	Total Experience	Date of Commencement of Employment	Age	Particulars of Previous Employment		% of Shareholding
								Organisation	Designation	
1	Mrs. Anuradha Kanoria	Wholetime Director	37,96,962	B.A.	19	2/1/2010	54	Kanco Enterprises Limited	Executive	10.73
2	Mr. Subha Kanta Parhi	Chief Financial Officer	18,96,396	B.Com (Hons.), ACA, CPA (Aust.)	16	4/1/2009	40	N.A.	N.A.	-
3	Mr. Samir Doshi	General Manager (Marketing)	12,89,912	B.Com(Hons.)	21	4/1/2009	38	LMJ International Limited	Manager Quality and Sales	-
4	Mr. Umesh Kumar Singh	General Manager	10,36,626	B.E.(Mech.)	26	4/1/2009	50	Apeejay Tea Limited	Factory Assistant Manager	-
5	Mr. Ajay Kumar Tripathi	Commercial Manager	8,79,355	M.Com	21	4/12/2011	46	Goenka Group of Companies	Commercial Executive	-
6	Ms Charulata Kabra	Company Secretary	8,39,294	ACS, LLB, M.Com	9	11/17/2015	33	Kanco Enterprises Limited	Company Secretary	-
7	Mr. Sujit Kumar Singh	Deputy Manager	8,10,770	B.Sc.(PCM)	17	1/2/2011	36	Sonabheel Tea Limited	Garden In Charge	-
8	Mr. P Damodar Rao	EDP	7,94,757	B.Com	26	4/1/2009	49	Next Computing Private Limited	Programmer	-
9	Mr. C J Jose	Senior Assistant Manager-Factory	7,85,634	B.Com	20	4/1/2009	49	Ghorajan Tea Co. Pvt. Ltd.	Factory Assistant Manager	-
10	Mr. Prosenjit Dey	Manager (Accounts)	7,00,416	B.Com(Hons.)	23	4/1/2009	47	Sunrise Products Ltd	Accounts Assistant	-

Notes:-

1. Remuneration received includes salary, commission, allowances, medial and leave travel expenses, leave encashment paid, monetary value of perquisites as per Income Tax Rules and Company's contributions to Provident and Superannuation Funds.
2. Nature of employment is contractual in case of Wholetime Director.
3. In respect of all other employees, the nature of employment is non-contractual, terminable by notice on either side.
4. Mrs. Anuradha Kanoria is relative of Mr.Umang Kanoria, Director of the Company. Other employees mentioned above are not relative of any Director of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KANCO TEA & INDUSTRIES LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the accompanying standalone financial statements of **KANCO TEA & INDUSTRIES LIMITED**, ('the Company') which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility For The Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statement that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

Report On Other Legal And Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of Section 143 of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

INDEPENDENT AUDITORS' REPORT (Contd.)

- 2) As required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31st March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B" and
 - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 28 to the financial statements;
 - (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has duly provided requisite disclosures in its financial statements as to holdings as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company and as produced to us by the Management –Refer Note 43.

P-21/22, Radhabazar Street,
Kolkata – 700 001.
Dated the 30th day of May, 2017

For JAIN & CO.
Chartered Accountants
(Registration No. 302023E)
(CA M.K. JAIN)
Partner
(Membership No. 055048)

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT" OF OUR REPORT OF EVEN DATE.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- 1. a) The Company has maintained proper records showing full particulars including, quantitative details and situation of fixed assets.
- b) As explained to us some of the fixed assets have been physically verified by the management at reasonable intervals. We have been informed that no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT (Contd.)

2. a) As explained to us, inventory has been physically verified during the year by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures 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) No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
3. The Company has granted loan to a body corporate covered in the register maintained under Section 189 of the Companies Act, 2013:
 - a) In our opinion, the rate on interest and other terms and conditions on which loans had been granted to the body corporate listed in the register maintained under Section 189 of the Act were not, prima facie, prejudicial to the interest of the Company;
 - b) The loan so granted to the body corporate is repayable on demand;
 - c) The amount of outstanding loan as on 31st March, 2017 is ₹ 2,17,17,383/- and the Company has written letters and in active dialogue for realization of the same.
4. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to loans and investments made.
5. The Company has not accepted deposits from the public covered within the meaning of directives issued by the Reserve Bank of India and provisions of Sections 73 to Section 76 or any other relevant provisions of the Act and rules framed there under are not applicable.
6. As per information & explanation given by the management, maintenance of cost records has been specified by the Central Government under sub section (1) of Section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, and Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2017 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us and on the basis of the documents and records, the disputed statutory dues which have not been deposited with the appropriate authorities are as under:

Serial No	Name of Statute	Nature of Dues	Financial Year to which the matter pertains	Amount in ₹	Forum where dispute is pending
1.	West Bengal Value Added Tax Act, 2013	Sales Tax	2009-10	7,94,960/-	West Bengal Commercial Taxes Appellate & Revision Board, West Bengal
2.	Income Tax Act, 1961	Income Tax Demand	2009-10	1,24,257/-	CIT (Appeals), Kolkata
3.	Income Tax Act, 1961	Income Tax Demand	2011-12	35,684/-	CIT (Appeals), Kolkata
4.	Income Tax Act, 1961	Income Tax Demand	2012-13	100/-	CIT (Appeals), Kolkata

ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT (Contd.)

8. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of loans or borrowings to any bank during the year. Further, the Company does not have any debentures and loan from financial institution or government.
9. In our opinion and according to the information and explanations given to us, term loans have been applied for the purposes for which they were obtained.
10. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the said Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the notes to financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- 17.

P-21/22, Radhabazar Street,
Kolkata – 700 001.
Dated the 30th day of May, 2017

For JAIN & CO.
Chartered Accountants
(Registration No. 302023E)
(CA M.K. JAIN)
Partner
(Membership No. 055048)

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

REFERRED TO IN PARAGRAPH 2(F) UNDER THE HEADING “REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT” OF OUR REPORT OF EVEN DATE.

Report on the internal financial controls under clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **KANCO TEA AND INDUSTRIES LIMITED** (“the Company”) as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and

ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT (Contd.)

efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P-21/22, Radhabazar Street,
Kolkata – 700 001.
Dated the 30th day of May, 2017

For JAIN & CO.
Chartered Accountants
(Registration No. 302023E)
(CA M.K. JAIN)
Partner
(Membership No. 055048)

STANDALONE BALANCE SHEET as at 31st March, 2017

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	1	2,10,76,090	2,10,76,090
Reserves and Surplus	2	21,71,54,529	20,96,00,554
		<u>23,82,30,619</u>	<u>23,06,76,644</u>
Non-Current Liabilities			
Long-Term Borrowings	3	26,35,73,426	2,67,32,074
Deferred Tax Liabilities (Net)	4	46,40,044	19,64,505
Other Long Term Liabilities	5	40,40,018	24,65,301
Long Term Provisions	6	2,51,54,725	2,81,03,470
		<u>29,74,08,213</u>	<u>5,92,65,350</u>
Current Liabilities			
Short-Term Borrowings	7	9,41,29,731	2,66,30,353
Trade Payables	8	-	-
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
(ii) Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises		15368,213	67,65,275
Other Current Liabilities	9	7,09,50,527	6,42,69,223
Short-Term Provisions	10	4,45,24,682	5,67,41,446
		<u>22,49,73,153</u>	<u>15,44,06,297</u>
Total		<u>76,06,11,985</u>	<u>44,43,48,291</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Property, Plant and Equipment	11(i)	42,41,84,322	14,54,65,450
Intangible Assets	11(ii)	38,864	85,080
Capital Work-in-Progress		1,57,64,237	-
		<u>43,99,87,423</u>	<u>14,55,50,530</u>
Non-Current Investments	12	9,19,86,403	7,40,87,453
Long Term Loans and Advances	13	10,50,86,633	12,44,83,194
Other Non-Current Assets	14	1,50,58,583	30,32,810
		<u>65,21,19,042</u>	<u>34,71,53,987</u>
Current Assets			
Current Investments	15	-	3,80,44,539
Inventories	16	5,28,83,407	3,95,18,852
Trade Receivables	17	43,66,785	24,24,546
Cash and Bank Balances	18	3,39,46,288	41,35,229
Short-Term Loans and Advances	19	1,72,96,463	1,30,71,138
		<u>10,84,92,943</u>	<u>9,71,94,304</u>
Total		<u>76,06,11,985</u>	<u>44,43,48,291</u>

The accompanying Notes 1 to 46 form an integral part of the financial statements.
In terms of our report of even date attached

For JAIN & CO.
Chartered Accountants
Firm Registration No.302023E
(CA M.K.JAIN)

Partner
Membership No.055048
P-21/22, Radhabazar Street, Kolkata - 700 001
Place: Kolkata
Dated the 30th day of May, 2017

C. KABRA
Company Secretary

For and on behalf of the Board of Directors

U. KANORIA
Chairman & Director
(DIN : 00081108)

S. K. PARHI
Chief Financial Officer

STANDALONE STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2017
 (Amount in ₹)

Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Income			
Revenue from Operations	20	39,78,14,071	41,71,32,948
Other Income	21	1,65,81,284	99,80,171
Total Revenue		41,43,95,355	42,71,13,119
Expenditure			
Purchase of Tea		91,050	-
Cost of Materials Consumed	22	5,09,04,291	5,08,73,984
Changes in Inventories of Finished Goods	23	(27,27,224)	(1,13,62,448)
Employee Benefits Expense	24	19,89,88,602	17,64,98,633
Finance Costs	25	97,48,472	78,35,240
Depreciation & Amortisation Expenses	26	1,26,04,525	1,13,14,858
Other Expenses	27	13,29,65,928	14,34,88,442
Bad Debts		-	2,52,35,599
Total Expenses		40,25,75,644	40,38,84,308
Profit Before Tax		1,18,19,711	2,32,28,811
Tax Expenses			
Current Tax			
Central Income Tax (MAT Payable)		12,76,006	23,97,243
Agricultural Income Tax		9,89,565	34,34,911
Provision for Agricultural Income Tax for earlier years		-	5,60,118
MAT Credit Entitlement		(6,75,374)	(8,00,795)
Deferred Tax		26,75,539	(4,65,245)
		42,65,736	51,26,232
Profit After Tax		75,53,975	1,81,02,579
Basic & Diluted Earning per equity share [Nominal Value of ₹ 10/- each] (Refer Note No. 36)		4.42	9.35

The accompanying Notes 1 to 46 form an integral part of the financial statements.

In terms of our report of even date attached.

For JAIN & CO
 Chartered Accountants
 Firm Registration No.302023E

(CA M.K.JAIN)
 Partner
 Membership No.055048
 P-21/22, Radhabazar Street, Kolkata - 700 001
 Place: Kolkata
 Dated the 30th day of May, 2017

For and on behalf of the Board of Directors

U. KANORIA
 Chairman & Director
 (DIN : 00081108)

C. KABRA
 Company Secretary

S. K. PARHI
 Chief Financial Officer

STANDALONE CASH FLOW STATEMENT for the year ended 31st March, 2017

(Amount in ₹)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	1,18,19,711	2,32,28,811
Finance Costs	97,48,472	78,35,240
Depreciation	1,26,04,525	1,13,14,858
Bad Debt	-	2,52,35,599
Interest Received	(1,42,808)	(43,22,122)
(Profit)/Loss on Sale of Property, Plant and Equipment	(50,648)	8,29,748
Dividend Received	(74,250)	(14,85,815)
(Profit) on sale of Current Investment	(29,83,187)	(5,88,255)
Loss on sale of Non-Current Investment	2,74,175	2,41,577
Operating Profit Before Working Capital Changes	3,11,95,990	6,22,89,641
Adjustment for changes in Working Capitals:		
Trade & Other Receivables	(2,06,60,860)	30,01,266
Inventories	(1,33,64,555)	(90,50,773)
Trade & Other Payables	(5,72,121)	12,07,462
Cash Generated From Operations	(34,01,546)	6,83,14,596
Income Tax Paid (Net of Refund)	(28,89,141)	(53,92,812)
Net Cash Flow from Operating Activities	(62,90,687)	6,29,21,784
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(30,78,62,561)	(1,97,75,977)
Property, Plant and Equipment Sold	8,71,791	19,19,444
Interest Received	1,42,808	43,22,122
Dividend Received	74,250	14,85,815
Purchase of Investments	(6,50,91,731)	(11,48,63,711)
Sale of Investments	8,79,46,332	6,43,50,772
Net Cash Flow from Investing Activities	(28,39,19,111)	(6,25,61,535)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	23,68,41,352	(20,36,674)
Long Term Loans & Advances	2,54,28,599	1,68,63,505
Short Term and Current Borrowings from Banks	6,74,99,378	47,79,911
Finance Costs	(97,48,472)	(78,35,240)
Dividends Paid	-	(1,06,13,192)
Dividend Distribution Tax Paid	-	(17,95,147)
Net Cash Used in Financing Activities	32,00,20,857	(6,36,837)
Opening Balance of Cash and Cash Equivalents	41,35,229	44,11,817
Net Increase in Cash and Cash Equivalents	2,98,11,059	(2,76,588)
Closing Balance of Cash and Cash Equivalents (Refer Note No.18)	3,39,46,288	41,35,229

Notes: 1. The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3- Cash Flow Statement referred to in The Companies (Accounting Standard) Rules, 2006.
2. Cash and Cash Equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/rearranged, wherever considered necessary to confirm to this year's classification.

In terms of our report of even date attached.

For JAIN & CO.
Chartered Accountants
Firm Registration No.302023E

(CA M.K.JAIN)
Partner
Membership No.055048
P-21/22, Radhabazar Street, Kolkata - 700 001
Place: Kolkata
Dated the 30th day of May, 2017

For and on behalf of the Board of Directors

U. KANORIA
Chairman & Director
(DIN : 00081108)

C. KABRA
Company Secretary

S. K. PARHI
Chief Financial Officer

NOTES ON STANDALONE FINANCIAL STATEMENTS for the year ended 31st March, 2017

(Amount in ₹)

	As at 31st March, 2017	As at 31st March, 2016
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1. SHARE CAPITAL
Details of Authorised, Issued, Subscribed and Fully Paid up Shares

20,00,000 (Previous Year 20,00,000) Equity Shares of ₹ 10/- each	2,00,00,000	2,00,00,000
1,00,000 (Previous Year 1,00,000) Non Cumulative Redeemable Preference Shares of ₹ 100/- each	1,00,00,000	1,00,00,000
	<u>3,00,00,000</u>	<u>3,00,00,000</u>

Issued, Subscribed and Fully Paid up Shares

17,07,609 (Previous Year 17,07,609) Equity Shares of ₹ 10/- each fully paid up	1,70,76,090	1,70,76,090
40,000 (Previous Year 40,000) 7% Non Cumulative Redeemable Preference Shares of ₹ 100/- each	40,00,000	40,00,000

Total Issued, Subscribed and Fully Paid up Share Capital	<u>2,10,76,090</u>	<u>2,10,76,090</u>
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Reconciliation of Paid up Share Capital

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares of ₹ 10/- each				
At the beginning of the Year	17,07,609	1,70,76,090	17,07,609	1,70,76,090
Outstanding at the end of the Year	<u>17,07,609</u>	<u>1,70,76,090</u>	<u>17,07,609</u>	<u>1,70,76,090</u>
7% Non Cumulative Redeemable Preference Shares				
At the beginning of the Year	40,000	40,00,000	40,000	40,00,000
Outstanding at the end of the Year	<u>40,000</u>	<u>40,00,000</u>	<u>40,000</u>	<u>40,00,000</u>

Terms and rights attached to Equity Shares

The Company has only one class of Equity Share having par value of ₹ 10/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Share will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

Terms and rights attached to Preference Shares

During the year ended 31st March, 2004, the Company had issued 40,000 7% Non Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up. Preference Shares carry a dividend of 7%, only when it is declared by the Company. The dividend is paid by the Company in Indian Rupees only. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of Preference Share is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to Preference Shares.

The 7% Non Convertible Preference Shares will be redeemed in the year ended 31st March, 2023 at par value only. In the event of liquidation of the company before redemption of Preference Shares, the holder of Preference Shares will have priority over Equity Shares in the payment of dividend and repayment of capital.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

Details of Shareholders holding more than 5 percent of Shares in the Company

Name of the Shareholders	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares Held	(%) of Holding	No. of Shares Held	(%) of Holding
Equity Shares of ₹ 10/- each Fully Paid				
E.T.Resources Private Limited	292,541	17.13	292,541	17.13
Satvik Welfare Trust	249,300	14.60	249,300	14.60
Mrs. Anuradha Kanoria	183,147	10.73	183,147	10.73
Umang Kanoria (HUF)	155,535	9.11	155,535	9.11
Mr. Satvik Kanoria	95,541	5.60	95,541	5.60
Facitcon Investments Private Limited	86,650	5.07	86,650	5.07
Preference Shares of ₹ 100/- each Fully Paid				
Facitcon Investments Pvt Ltd	26,000	65.00	26,000	65.00
Mrs. Sumitra Devi Pasari	5,200	13.00	5,200	13.00
Stuti Welfare Trust	4,000	10.00	4,000	10.00
Mrs. Sumitra Nangalia	3,790	9.48	3,790	9.48

(Amount in ₹)

2. RESERVES & SURPLUS

a. General Reserve

Balance as per Last Financial Statement	3,72,79,047	3,54,68,789
Add: Transfer from Statement of Profit and Loss	7,00,00,000	18,10,258
Closing Balance	10,72,79,047	3,72,79,047

b. Preference Share Redemption Reserve

40,00,000	40,00,000
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c. Surplus in Statement of Profit and Loss

Balance as per Last Financial Statement	16,83,21,507	16,44,37,525
Add: Profit for the Year	75,53,975	1,81,02,579
Less: Appropriations		
(i) Transfer to General Reserve	7,00,00,000	18,10,258
(ii) Proposed Dividend on Preference Shares	-	2,80,000
(iii) Proposed Dividend on Equity Shares	-	85,38,045
(iv) Dividend distribution tax on Proposed Dividend	-	17,95,147
(v) Dividend on Preference Share and Equity Share for earlier year	-	17,95,147
Total Appropriations	7,00,00,000	1,42,18,597
Net Surplus in the Statement of Profit and Loss	10,58,75,482	16,83,21,507
Total	21,71,54,529	20,96,00,554

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

	Non-Current Portion		Current Maturities	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
3. LONG-TERM BORROWINGS				
Term Loan (Secured)				
From Banks	18,88,91,256	1,76,13,857	1,10,53,879	1,24,53,356
From Others	34,31,847	41,18,217	6,86,370	6,86,370
	<u>19,23,23,103</u>	<u>2,17,32,074</u>	<u>1,17,40,249</u>	<u>1,31,39,726</u>
Unsecured Loans				
From Directors	68,00,000	25,00,000	-	-
From Related Parties (Refer Note No.35)	3,19,50,323	-	-	-
From Others	3,25,00,000	25,00,000	-	-
	<u>7,12,50,323</u>	<u>50,00,000</u>	<u>-</u>	<u>-</u>
Total	<u>26,35,73,426</u>	<u>2,67,32,074</u>	<u>1,17,40,249</u>	<u>1,31,39,726</u>
The above Includes				
Secured borrowings	19,23,23,103	2,17,32,074	1,17,40,249	1,31,39,726
Unsecured borrowings	7,12,50,323	50,00,000	-	-
Amount disclosed under the head Current Liabilities	-	-	(1,17,40,249)	(1,31,39,726)
Net Amount	<u>26,35,73,426</u>	<u>2,67,32,074</u>	<u>-</u>	<u>-</u>

Nature of Security

Term Loan from Bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit or tea lying with brokers, book debts (present and future) and by way of equitable mortgage of immovable properties and machineries of tea estates as collateral security and further guaranteed by two directors of the Company.

Term Loan in the nature of Car Loan is secured by Hypothecation of Motor Cars.

Loan from Tea Board is secured by hypothecation of tea crops and mortgage of title deeds of Tea Estates in favour of Tea Board ranking subsequent to charge created in favour of Punjab National Bank.

Terms of Repayment of Term Loan

Particulars of Loan	Date of Sanction	Original Loan Amount ₹	Repayment Schedule
PNB Term Loan-A/C-No-104496	04/06/2003	4,08,00,000	8 Annual Installments of varying amount starting from June, 2008.
PNB Term Loan-A/C No-156161	05/07/2008	2,34,87,000	8 Annual Installments of varying amount starting from July, 2013.
PNB Term Loan-A/C No-156213	12/09/2013	5,85,36,000	7 Annual Installments of varying amount starting from the F.Y. 2015-16.
PNB Term Loan-A/C No-156268	29/03/2017	20,10,00,000	8 Annual Installments of varying amount starting from the F.Y. 2018-19
ICICI Bank Car Loan	07/03/2013	15,55,000	36 Monthly Instalments starting from 1st April, 2013
ICICI Bank Car Loan	21/12/2015	20,00,000	36 Monthly Instalments starting from 10th January, 2016.
SPTF Loan	07/08/2009	54,90,957	16 equal half yearly Installments commencing from 6th year from the date of sanction. The first installment shall fall due on the last day of the 66th month from the date of disbursement, i.e. w.e.f May,2015.

Notes on Unsecured Loans

Unsecured Loan from the related parties are outstanding for a period of more than twelve months. Repayment of these loans will be made beyond 12 months from the date of reporting.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

	As at 31st March, 2017	As at 31st March, 2016
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4. DEFERRED TAX LIABILITY

Deferred Tax Liability being the Tax impact on -

Difference of Written Down Value of Property, Plant and Equipment as per Income Tax Laws and Books

	89,10,988	37,99,670
--	-----------	-----------

Deferred Tax Liability

	89,10,988	37,99,670
--	-----------	-----------

Deferred Tax Assets being the Tax impact on -

Expenses charged in books but allowance thereof deferred under Income Tax Laws

	42,70,944	18,35,165
--	-----------	-----------

Deferred Tax Assets

	42,70,944	18,35,165
--	-----------	-----------

Deferred Tax Liability (Net) (Refer Note No. 38)

	46,40,044	19,64,505
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5. OTHER LONG TERM LIABILITIES

(i) Trade Payables (Refer Note No.30)

	1,27,013	1,27,013
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(ii) Other Payables

	39,13,005	23,38,288
--	-----------	-----------

	40,40,018	24,65,301
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6. LONG TERM PROVISIONS

Provision for Employee Benefits (Refer to Note No.33)

For Gratuity

	2,33,31,810	14,32,174
--	-------------	-----------

For Leave Encashment

	18,22,915	14,35,697
--	-----------	-----------

Provision for Bad Debt

	-	2,52,35,599
--	---	-------------

	2,51,54,725	2,81,03,470
--	--------------------	--------------------

7. SHORT TERM BORROWINGS

Cash Credit from Punjab National Bank (Secured)

	9,41,29,731	2,66,30,353
--	-------------	-------------

	9,41,29,731	2,66,30,353
--	--------------------	--------------------

Cash credit from bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit or tea lying with brokers, book debts (present and future) and by way of equitable mortgage of immovable properties and machineries of tea estates as collateral security and further guaranteed by two directors of the Company.

8. TRADE PAYABLES

Trade Payables (Refer to Note No.30)

(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises

	-	-
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(ii) Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises

	1,53,68,213	67,65,275
--	-------------	-----------

	1,53,68,213	67,65,275
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NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
9. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Borrowings (Refer to Note No.3)	1,17,40,249	1,31,39,726
Interest accrued and due on borrowings	31,66,354	42,38,478
Unpaid Dividend [Refer Note (i)]	19,39,278	15,78,910
Trustee for Disposal of Fractional Shares [Refer Note (i)]	2,77,464	2,77,768
Others Payables [Refer Note (ii)]	5,38,27,182	4,50,34,341
	<u>7,09,50,527</u>	<u>6,42,69,223</u>
(i) Investor Education and Protection Fund will be credited, as and when due		
(ii) Others Payables		
Advance received from Consignment Agents	46,52,919	74,08,965
Payable to Employees	2,61,41,867	1,93,54,227
Brokerage on Sales	47,09,753	35,89,598
Statutory Liabilities	43,01,335	39,06,929
Others	1,40,21,308	1,07,74,622
	<u>5,38,27,182</u>	<u>4,50,34,341</u>
10. SHORT TERM PROVISIONS		
Provision for Employee Benefits (Refer to Note No.33)		
For Gratuity	35,99,113	76,41,477
For Leave Encashment	5,63,929	3,90,708
	<u>41,63,042</u>	<u>80,32,185</u>
Other Provisions		
Provision for Tax	4,03,61,640	3,80,96,069
Proposed Equity Dividend	-	85,38,045
Proposed Preference Dividend	-	2,80,000
Provision for Tax on Proposed Dividend	-	17,95,147
	<u>4,03,61,640</u>	<u>4,87,09,261</u>
	<u>4,45,24,682</u>	<u>5,67,41,446</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

11. (I) PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Land	Bearer Plants	Building & Water Supply	Machinery & Elec. Installation	Vehicles	Furniture & Fittings	Total
Cost							
At 1st April, 2015	-	3,10,45,893	3,74,96,937	8,53,45,117	2,39,28,745	1,24,11,047	19,02,27,739
Additions	-	3,35,553	72,29,765	34,89,039	83,45,405	4,18,281	1,98,18,043
Disposals	-	-	-	(28,31,687)	(51,60,597)	-	(79,92,284)
Other adjustments	-	-	-	(28,009)	-	-	(28,009)
Subsidy	-	-	-	(4,99,935)	-	-	(4,99,935)
At 31st March, 2016	-	3,13,81,446	4,47,26,702	8,54,74,525	2,71,13,553	1,28,29,328	20,15,25,554
Additions	25,00,00,000	49,67,535	92,68,555	2,17,33,108	57,79,803	3,35,437	29,20,84,438
Disposals	-	-	-	(20,85,857)	(20,36,178)	-	(41,22,035)
At 31st March, 2017	25,00,00,000	3,63,48,981	5,39,95,257	10,51,21,776	3,08,57,178	1,31,64,765	48,94,87,957
Depreciation							
At 1st April, 2015	-	-	32,63,938	3,01,94,491	89,05,420	82,00,239	5,05,64,088
Charge for the Year	-	-	12,90,637	61,40,997	33,08,954	5,26,464	1,12,67,052
Disposals	-	-	-	(23,61,192)	(34,09,844)	-	(57,71,036)
At 31st March, 2016	-	-	45,54,575	3,39,74,296	88,04,530	87,26,703	5,60,60,104
Charge for the Year	-	10,81,363	16,37,059	62,14,785	30,60,454	5,50,762	1,25,44,423
Disposals	-	-	-	(14,93,563)	(18,07,329)	-	(33,00,892)
At 31st March, 2017	-	10,81,363	61,91,634	3,86,95,518	1,00,57,655	92,77,465	6,53,03,635
Net Block							
As At 31st March, 2016	-	3,13,81,446	4,01,72,127	5,15,00,229	1,83,09,023	41,02,625	14,54,65,450
As At 31st March, 2017	25,00,00,000	3,52,67,618	4,78,03,623	6,64,26,258	2,07,99,523	38,87,300	42,41,84,322

(II) INTANGIBLE ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As At		As At	Upto	For the	Upto	Amount	Amount
	01.04.2016	Additions	31.03.2017	01.04.2016	Year	31.03.2017	31.03.2017	31.03.2016
Software	1,33,335	13,886	1,47,221	48,255	60,102	1,08,357	38,864	85,080
Current Year	1,33,335	13,886	1,47,221	48,255	60,102	1,08,357	38,864	85,080
Previous Year	82,371	50,964	1,33,335	449	47,806	48,255	85,080	81,922

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Amount	No. of Shares	Amount
12. NON CURRENT INVESTMENTS				
Other than Trade				
(i) In Equity Shares - Quoted (Valued at Cost)				
Warren Tea Limited ₹ 10/- each	10	2,133	10	2,133
Kanco Enterprises Ltd ₹ 10/- each *	33,14,291	3,53,55,657	33,14,291	3,53,55,657
Mangalore Refinery & Petrochemicals Ltd ₹ 10/- each	-	-	200	5,900
Srei Infrastructure Finance Ltd ₹ 10/- each	-	-	3,985	5,20,193
L&T Finance Holding Ltd ₹ 10/- each	-	-	43,500	30,67,618
IDFC Limited ₹ 10/- each	-	-	17,000	14,70,302
IDFC Bank Limited ₹ 10/- each	-	-	17,000	9,56,740
CESC Limited ₹ 10/- each	-	-	2,100	10,58,493
First Source Solutions Limited ₹ 10/- each	-	-	500	21,804
Total (i)		3,53,57,790		4,24,58,840
(ii) In Equity Shares - Unquoted (Valued at Cost)				
Gujarat Nylons Limited of ₹ 10/- each	100	3,468	100	3,468
The Methoni Tea Co. Ltd ₹ 10/- each	100	12,688	100	12,688
The Grob Tea Co. Limited ₹ 10/- each	150	12,120	150	12,120
Rydak Syndicate Limited ₹ 10/- each	100	12,688	100	12,688
E.T. Resources Private Limited ₹ 10/- each	74,300	10,08,377	74,300	10,08,377
B.T. Investments Private Limited ₹ 10/- each	76,500	9,16,424	76,500	9,16,424
Cosmos Resources Private Limited ₹ 10/- each	75,000	9,63,240	75,000	9,63,240
Facitcon Investments Private Limited ₹ 10/- each	88,000	9,13,193	88,000	9,13,193
S.T. Investment Private Limited ₹ 10/- each	7,98,350	79,86,190	7,98,350	79,86,190
Nidhi Private Limited ₹ 10/- each	1,60,000	4,02,050	1,60,000	4,02,050
Innova Properties Private Limited ₹ 10/- each	77,500	7,78,875	77,500	7,78,875
Suryasakti Commodities Pvt Ltd ₹ 10/- each	46,000	4,62,300	46,000	4,62,300
In Wholly Owned Subsidiary				
Winnow Investments & Securities Pvt. Ltd. ₹ 10/- each	9,60,000	96,00,000	9,60,000	96,00,000
Total (ii)		2,30,71,613		2,30,71,613
(iii) In Preference Shares - Unquoted (Valued at Cost)				
B.T. Investments Private Limited ₹ 100/- each	39,250	39,25,000	39,250	39,25,000
Facitcon Investments Private Limited ₹ 100/- each	46,320	46,32,000	46,320	46,32,000
Total (iii)		85,57,000		85,57,000
(iv) Investments in Mutual Funds				
IIFL Best of Class Fund I :				
HDFC Asset Management Company Ltd	5,24,301.368	50,00,000	-	-
Reliance Capital Asset Management Company Ltd	5,11,927.921	50,00,000	-	-
IIFL Asset Revival Fund Series-2	13,22,848.951	1,50,00,000	-	-
Total (iv)		2,50,00,000		-
Total Non-Current Investments (i+ii+iii+iv)		9,19,86,403		7,40,87,453
Aggregate Amount of Quoted Investments		3,53,57,790		4,24,58,840
Market Value of Quoted Investments		42,76,688		1,11,20,578
Aggregate Amount of Unquoted Investments		5,66,28,613		3,16,28,613
Market Value of Mutual Fund		2,99,70,060		-

* Out of which 30,86,080 Equity Shares are lying pledged.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

	As at 31st March, 2017	As at 31st March, 2016
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13. LONG TERM LOANS AND ADVANCES

(Unsecured considered good unless otherwise stated)

(i) Security Deposits

(a) with Related parties	70,21,112	70,21,112
(b) with others	38,91,875	25,57,829

(ii) Loans and Advances to Related Parties (Refer Note No.35)

3,57,86,662	6,10,70,261
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(iii) Loan & Advances to the Private Company, wherein, director is a member

-	1,45,000
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(iv) Other Loan & Advances

(a) Advance Taxes	4,00,82,931	3,65,32,931
(b) Balance with Statutory and Govt authorities	11,14,606	14,75,650
(c) TDS Receivables	32,56,179	3241,664
(d) Advances recoverable in cash or kinds or for value to be received	1,39,33,268	1,24,38,747
	<u>5,83,86,984</u>	<u>5,36,88,992</u>
	<u>10,50,86,633</u>	<u>12,44,83,194</u>

14. OTHER NON-CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

Trade Receivables	1,21,576	86,349
Housing Subsidy Receivables	53,862	53,862
SPTF Subsidy Recceivable from Tea Board	1,19,90,546	-
Interest Subsidy Receivables	28,92,599	28,92,599
	<u>1,50,58,583</u>	<u>30,32,810</u>

15. CURRENT INVESTMENTS

Unquoted (Valued at cost unless stated otherwise)

Investments in Mutual Funds :

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Units	Amount	No. of Units	Amount
ICICI Prudential Value Discovery Fund	-	-	4,532.881	4,54,708
Birla Sun Life Saving Fund	-	-	69,536.598	2,00,89,831
IIFL Best of Class Fund I :				
HDFC Asset Management Company Ltd	-	-	5,24,301.368	50,00,000
Reliance Capital Asset Management Company Ltd	-	-	5,11,927.921	50,00,000
IIFL Asset Revival Fund Series-2	-	-		75,00,000
Total Value of Current Investment		<u>-</u>		<u>3,80,44,539</u>
Market Value of Mutual Fund		<u>-</u>		<u>3,76,85,480</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
16. INVENTORIES		
Finished Goods - Black Tea	3,01,42,531	2,74,15,307
Stores and Spares	1,41,76,847	1,10,42,077
Stores-in-Transit	85,64,029	10,61,468
	<u>5,28,83,407</u>	<u>3,95,18,852</u>
17. TRADE RECEIVABLES		
(Unsecured considered good unless otherwise stated)		
Outstanding for more than six months	1,25,910	75,706
Others	42,40,875	23,48,840
	<u>43,66,785</u>	<u>24,24,546</u>
18. CASH AND BANK BALANCES		
(i) Cash and Cash Equivalents		
In Current Accounts	2,94,62,756	8,83,451
Unclaimed Dividend Accounts	19,12,970	15,57,102
Deposits with Bank (Less than three months maturity)	3,53,340	3,00,000
NABARD Tea Development A/C	3,400	3,400
Bank Account for Disposal of Fractional shares	2,77,464	2,77,768
Cash in Hand	9,93,497	2,31,685
	<u>3,30,03,427</u>	<u>32,53,406</u>
(ii) Other Bank Balances		
Fixed Deposits with bank having balance maturity of twelve months or less (Under Lien)	9,42,861	8,81,823
	<u>9,42,861</u>	<u>8,81,823</u>
Total (i+ii)	<u>3,39,46,288</u>	<u>41,35,229</u>
19. SHORT TERM LOANS & ADVANCES		
(Unsecured considered good unless otherwise stated)		
(i) Advances recoverable in cash or in kind or for value to be received	92,80,637	57,67,232
(ii) Balance with Statutory and Govt authorities	9,32,770	6,92,642
(iii) Interest Accrued and Due on Fixed Deposits	52,983	48,840
(iv) Interest Accrued and Due on Unsecured Loan	4,31,044	36,66,493
(v) Prepaid Expenses	27,14,072	25,11,876
(vi) Capital Advance	38,84,957	3,84,055
	<u>1,72,96,463</u>	<u>1,30,71,138</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
20. REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	39,78,14,071	41,71,32,948
	39,78,14,071	41,71,32,948
The Company's revenue from operations is from sale of black tea.		
21. OTHER INCOME		
<u>Interest Income</u>		
(i) Current Interest	1,32,927	1,06,532
(ii) Non-Current Interest	9,881	42,15,590
<u>Dividend Income</u>		
(i) Current Investments	70,000	14,45,022
(ii) Non-Current Investments	4,250	40,793
<u>Profit on Sale of Investments (Net)</u>		
(i) Current	29,83,187	5,88,255
(ii) Non-Current	1,28,215	-
Profit/(Loss) on Sale of Fixed Assets (Net)	50,648	(8,29,748)
Tea Board Subsidy	1,31,32,496	42,27,412
Other Non-Operating Income	69,680	1,86,315
	1,65,81,284	99,80,171
22. COST OF MATERIALS CONSUMED		
Purchase of Green Tea Leaves	5,09,04,291	5,08,73,984
	5,09,04,291	5,08,73,984
23. (INCREASE) / DECREASE IN INVENTORIES		
Finished Goods		
Inventories at Commencement	2,74,15,307	1,60,52,859
Inventories at Close	3,01,42,531	2,74,15,307
	(27,27,224)	(1,13,62,448)
24. EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	14,55,50,682	14,03,09,930
Contribution to Provident Fund and Other Funds (Refer Note No.33)	3,15,12,330	2,00,84,970
Staff Welfare Expenses	2,19,25,590	1,61,03,733
	19,89,88,602	17,64,98,633

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
25. FINANCE COSTS		
Interest Expenses	79,55,845	75,72,706
Other Borrowing Costs	17,92,627	2,62,534
	97,48,472	78,35,240
26. DEPRECIATION & AMORTISATION EXPENSES		
Depreciation of Property, Plant and Equipment	1,25,44,423	1,12,67,052
Amortisation of Intangible Assets	60,102	47,806
	1,26,04,525	1,13,14,858
27. OTHER EXPENSES		
Consumption of Stores & Spares	4,14,41,280	4,49,90,910
Power & Fuel	3,05,83,364	3,31,11,095
Rent	7,14,000	7,60,600
Repair to Building	35,31,918	34,77,501
Repair to Machinery	42,92,607	59,41,033
Insurance Charges	19,21,969	19,47,957
Rates & Taxes	53,33,802	49,58,656
Prior Period Expenses	22,575	19,149
Vehicle Running & Maintenance Charges	98,81,439	52,68,958
Donation	20,000	25,50,000
Selling & Distribution Expenses	1,77,37,820	2,19,62,015
Auditors' Remuneration: (Refer Note i)	3,03,896	2,73,564
Travelling Expenses	73,15,899	84,64,472
Director Sitting Fees	2,70,000	2,70,000
Loss on Sale of Plants	-	60,305
Loss on Sale of Non-Current Investment	4,02,390	2,41,577
Speculation Loss on Shares	16,330	-
Corporate Social Responsibility Expenditure	6,03,759	7,92,306
Miscellaneous Expenses	85,72,880	83,98,344
	13,29,65,928	14,34,88,442
i. Auditors' Remuneration (Including Service Tax)		
As Auditor		
Statutory Audit Fees	1,15,000	1,14,500
Tax Audit Fees	34,500	34,350
For Other Services (Certificates)	1,48,721	1,14,727
Reimbursement of Expenses	5,675	9,987
	3,03,896	2,73,564

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

a) Contingent Liabilities

Claims, disputes and demands not acknowledged as debts:

- i) Demand of ₹ 7,94,960/- (P.Y. ₹ 7,94,960/-) for F.Y. 2009-10 has been raised under West Bengal Value Added Tax Rules, 2005 by Joint Commissioner of Commercial Taxes, for which an appeal has been filed on 18/03/2014 before the West Bengal Commercial Taxes Appellate & Revision Board, West Bengal.
- ii) Income Tax demand of ₹ 1,24,257/- for the A.Y. 2010-11 has been raised by the I.T.O. Ward 4(4) after giving effect to the order of CIT (Appeals)-IV passed under section 250 of the Income Tax Act, 1961 against which the Company has filed a rectification application.
- (iii) The Company has paid ₹ 24,72,214/- as interim measure as per order of Hon'ble High Court at Guwahati against debit note raised by GAIL (India) Limited for ₹ 68,80,820/- (P.Y. ₹ 68,80,820/-). Matter is now pending with Hon'ble Supreme Court.
- (iv) Demand of ₹ 35,684/- has been raised vide order u/s 143(3) of the Income Tax Act, 1961 for the A.Y 2012-13 dated 13/06/2014 and an appeal against the same has been filed with CIT (Appeal)-2, Kolkata.
- (v) Demand of ₹ 100/- has been raised vide order u/s 143(3) of the Income Tax Act, 1961 for the A.Y 2013-14 dated 20/01/2016 and an appeal against the same has been filed with CIT (Appeal)-2, Kolkata.

The amounts shown in the item (a) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes.

b) Commitments

Outstanding commitment in respect of Irrevocable Stand by Revolving Letter of Credit issued in favour of GAIL (India) Ltd. ₹ 22,07,139/- (Previous Year ₹ 22,68,177/-).

29. Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 51,48,910/- (Previous Year ₹ 3,60,000/-)

30. Sundry Creditors do not include any amount due (Previous Year ₹ Nil) from suppliers as defined under the "Micro Small & Medium Enterprises Development Act, 2006" as per the information available with the Company. Hence disclosures regarding a) Amount due and outstanding to suppliers as at the accounting period, b) Interest paid during period, c) Interest payable at the end of the accounting period and d) Interest accrued at the end of the accounting period has not been disclosed or provided.

31. Value of Raw Materials, Spares and Components Consumed

	Raw Materials				Components & Spare Parts Consumed			
	2016-2017		2015-2016		2016-2017		2015-2016	
	₹	%	₹	%	₹	%	₹	%
Imported	-	-	-	-	-	-	-	-
Indigineous	5,09,04,291	100	5,08,73,984	100	4,14,41,280	100	4,49,90,910	100
	<u>5,09,04,291</u>	<u>100</u>	<u>5,08,73,984</u>	<u>100</u>	<u>4,14,41,280</u>	<u>100</u>	<u>4,49,90,910</u>	<u>100</u>

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

	2016-2017 ₹	2015-2016 ₹
32. EXPENDITURE IN FOREIGN CURRENCY		
Travelling Expenses	40,58,453	40,15,565
Subscription	1,54,680	1,44,397
	<u>42,13,133</u>	<u>41,59,962</u>

33. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED) "EMPLOYEE BENEFITS"

a. Defined Contribution Plans:

Contribution to Defined Contribution Plans, recognised as expense for the year included in "Employee Benefit Expense" in Note-24 to the Statement of Profit & Loss Account is as under :

Particulars	2016-2017 (₹)	2015-2016 (₹)
Employer's Contribution to Provident and other Funds	3,15,12,330	2,00,84,970

b. Defined Benefit Plans:

i. Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligation:

Particulars	Gratuity (Funded)	
	2016-2017 (₹)	2015-2016 (₹)
a. Present value of Defined Benefit obligation at the beginning of the year	3,75,38,606	3,11,99,939
b. Interest cost	29,46,781	24,27,355
c. Current service cost	39,35,013	24,90,839
d. Past Service Cost	1,34,67,366	-
d. Actuarial Losses/(Gains)	10,54,316	32,65,337
e. Benefits paid	(11,10,686)	(18,44,864)
f. Present value of Defined Benefit Obligation at the close of the year	5,78,31,396	3,75,38,606

ii. Changes in the fair value of Plan Assets representing and the reconciliation of opening and closing balances thereof as follows:

Particulars	2016-2017 (₹)	2015-2016 (₹)
a. Fair value of Plan Assets at the beginning of the year	2,84,64,955	2,40,11,940
b. Add: Expected return on Plan Assets	25,61,846	21,61,075
c. Add: Actuarial Gains	(4,93,992)	61,736
d. Add: Contributions	40,53,281	40,75,068
e. Benefits Paid	(11,10,686)	(18,44,864)
f. Fair value of Plan Assets at the close of the year	3,34,75,404	2,84,64,955

iii. Amount Recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in (i) and the fair value of the plan assets in (ii) to assets and liabilities recognised in the Balance Sheet:

Particulars	2016-2017 (₹)	2015-2016 (₹)
a. Present value of Defined Benefit obligation	5,78,31,396	35,38,606
b. Fair value of Plan Assets	3,34,75,404	2,84,64,955
c. Present value of unfunded obligation	(2,43,55,992)	(90,73,651)
d. Net Liability/(Asset) recognised in the Balance Sheet	(2,43,55,992)	(90,73,651)

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

iv. Amount recognised in the Profit and Loss Account are as follows:

Particulars	2016-2017 (₹)	2015-2016 (₹)
a. Current Service Cost	39,35,013	24,90,839
b. Interest Cost	29,46,781	24,27,355
c. Expected return on Plan Assets	(25,61,846)	(21,61,075)
d. Actuarial Losses/(Gains)	15,48,308	32,03,601
e. Past Service Cost (Refer Note Below)	71,67,366	-
f. Recognised in the Profit and Loss Account	1,30,35,622	59,60,720

v. Actuarial Assumptions at the Balance Sheet date:

Particulars	2016-2017 (₹)	2015-2016 (₹)
Discount Rate	7.35%	7.85%
Expected rate of return on Plan Assets	7.71%	9.00%
Salary Escalation rate- Management Staff	5.00%	5.00%
Salary Escalation rate- Non Management Staff	5.00%	5.00%
Mortality	IALM 06-08 ultimate	IALM 06-08 ultimate
Withdrawal Rate	2.00%	2.00%

The Estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

The past service cost has been recognised as ₹ 71,67,366/- as Ryam Commerce & Plantations Limited has transferred ₹ 63,00,000/- as current liabilities on account of Gratuity in terms of Business Transfer Agreement dated 29th March, 2017. The said ₹ 63,00,000/- has been subtracted from the total purchase consideration payable to Ryam Commerce & Plantations Limited.

vi. Amount recognised as an expense in respect of Compensated Leave Absences is ₹ 2,37,113/- and (Previous Year ₹ 3,52,711/-) based on actuarial valuation. During the year ended 31st March, 2017 the Company has paid ₹ 1,64,545/- and (Previous Year ₹ 1,55,890/-) as actual leave encashment.

Note: Encashment of leave is payable on death whilst in service, withdrawal from service or from retirement from services. In the view of salary growth rates have been used to project the salary at the time when encashment of leave is assumed to take place. While making actuarial valuations certain assumptions, such as mortality rates, withdrawal rates, retirement age, etc. have been taken into consideration by the actuarial valuer. The Method used for such valuation is projected Unit Credit Method, which are in compliance with AS-15 (Revised 2005) as issued by ICAI and Guidance Note 26 issued by Institute of Actuaries of India.

34. SEGMENT REPORTING

The Company has only one segment i.e. manufacturing of Black Tea and as a result the reporting required of AS - 17 "Segment Reporting" are not attracted.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

35. RELATED PARTY DISCLOSURES

Related party disclosures, as required by AS-18 "Related Party Disclosures" are given below:

1. Relationships

(i) Key Management Personnel and their relatives:

Mrs. Anuradha Kanoria	Stuti Welfare Trust
Mr. Umang Kanoria	Satvik Welfare Trust
Ms. Stuti Kanoria	Umang Kanoria H.U.F.
Mr. Satvik Kanoria	

(ii) Enterprises over which the key management personnel and/or their relatives have significant influence :

B.T.Investments Private Limited	Milan Agencies Private Limited
Cosmos Resources Private Limited	Nidhi Private Limited
E.T. Resources Private Limited	S.T. Investment Private Limited
Facitcon Investments Private Limited	Suryasakti Commodities Private Limited
Innova Properties Private Limited	Kanco CSR Trust
Kanco Enterprises Limited	Dhanvaridhi Foods Private Limited

(iii) Subsidiary

Winnow Investments and Securities Private Limited

2. The following transactions were carried out with the related parties in the ordinary course of business.

Details relating to parties referred to in item 1(i), 1(ii) and 1(iii) above:

Particulars	2016-17			2015-16		
	In Rela- tion to Item 1(i)	In Rela- tion to Item 1(ii)	In Rela- tion to Item 1(iii)	In Rela- tion to Item 1(i)	In Rela- tion to Item 1(ii)	In Rela- tion to Item 1(iii)
	Amount in ₹			Amount in ₹		
Rent Paid						
Milan Agencies Private Limited	-	3,60,000	-	-	3,60,000	-
Innova Properties Private Limited	-	2,52,000	-	-	2,52,000	-
Suryasakti Commodities Pvt. Limited	-	3,60,000	-	-	3,60,000	-
Maintenance Expenses Reimbursed						
Milan Agencies Private Limited	-	1,38,000	-	-	3,43,500	-
Suryasakti Commodities Pvt. Limited	-	1,38,000	-	-	3,43,500	-
Electricity Charges Reimbursed						
Milan Agencies Private Limited	-	1,18,991	-	-	78,717	-
Suryasakti Commodities Pvt. Limited	-	88,628	-	-	90,030	-
Rent Realised						
Mrs. Anuradha Kanoria	4,20,000	-	-	3,75,000	-	-
Unsecured Loan Repaid/Given						
S.T.Investment Private Limited	-	29,69,000	-	-	1,47,50,000	-

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

Particulars	2016-17			2015-16		
	In Rela- tion to Item 1(i)	In Rela- tion to Item 1(ii)	In Rela- tion to Item 1(iii)	In Rela- tion to Item 1(i)	In Rela- tion to Item 1(ii)	In Rela- tion to Item 1(iii)
	Amount in ₹			Amount in ₹		
Unsecured Loan Realised/Received						
Mrs. Anuradha Kanoria	43,00,000	-	-	-	-	-
Innova Properties Private Limited	-	1,45,000	-	-	145,000	-
S.T.Investment Private Limited	-	3,49,67,323	-	-	3,49,86,721	-
Remuneration Paid						
Mrs. Anuradha Kanoria	37,99,164	-	-	33,71,179	-	-
Ms. Stuti Kanoria	2,68,800	-	-	2,68,800	-	-
Director Fees Paid						
Mr. Umang Kanoria	75,000	-	-	75,000	-	-
Interest Paid						
Mrs. Anuradha Kanoria	14,137	-	-	-	-	-
S.T.Investment Private Limited	-	84,302	-	-	-	-
Interest Received						
Innova Properties Private Limited	-	9,881	-	-	27,850	-
S.T.Investment Private Limited	-	-	-	-	40,73,881	-
Equity Dividend Paid						
Mrs. Anuradha Kanoria	9,15,735	-	-	9,15,735	-	-
Umang Kanoria H.U.F.	7,77,675	-	-	7,77,675	-	-
Ms. Stuti Kanoria	3,42,870	-	-	3,42,870	-	-
Mr. Satvik Kanoria	4,77,705	-	-	4,77,705	-	-
Satvik Welfare Trust	12,46,500	-	-	12,46,500	-	-
E.T.Resources Private Limited	-	14,62,705	-	-	14,62,705	-
Facitcon Investments Private Limited	-	4,33,250	-	-	4,33,250	-
Innova Properties Private Limited	-	60,000	-	-	60,000	-
Nidhi Private Limited	-	1,55,000	-	-	1,55,000	-
S.T.Investment Private Limited	-	1,35,030	-	-	1,35,030	-
Preference Dividend Paid						
Stuti Welfare Trust	28,000	-	-	28,000	-	-
Facitcon Investments Private Limited	-	1,82,000	-	-	1,82,000	-
Subscription of Shares						
B.T.Investments Private Limited	-	-	-	-	39,25,000	-
Facitcon Investments Private Limited	-	-	-	-	46,32,000	-
S.T.Investment Private Limited	-	-	-	-	66,63,500	-
Winnow Investments & Securities Pvt Ltd.	-	-	-	-	-	96,00,000

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

Particulars	2016-17			2015-16		
	In Rela- tion to Item 1(i)	In Rela- tion to Item 1(ii)	In Rela- tion to Item 1(iii)	In Rela- tion to Item 1(i)	In Rela- tion to Item 1(ii)	In Rela- tion to Item 1(iii)
	Amount in ₹			Amount in ₹		
Contribution for CSR Kanco CSR Trust	-	8,08,000	-	-	12,74,000	-
Outstanding Balances at the end of the Financial Year						
Security Deposit						
Innova Properties Private Limited	-	40,21,112	-	-	40,21,112	-
Milan Agencies Private Limited	-	30,00,000	-	-	30,00,000	-
(Payable)/Receivable (Net)	-	-	-	-	-	-
Mrs. Anuradha Kanoria	(43,00,000)	-	-	-	-	-
Milan Agencies Private Limited	-	(7,882)	-	-	(7,645)	-
Suryasakti Commodities Pvt. Limited	-	(5,751)	-	-	(5,487)	-
Innova Properties Private Limited	-	-	-	-	1,45,000	-
Kanco Enterprises Limited	-	2,17,17,383	-	-	4,69,52,982	-
S.T. Investment Private Limited	-	(1,74,50,000)	-	-	1,77,83,772	-

36. EARNINGS PER SHARE

Calculation of Basic and Diluted Earnings per Share as required by AS-20 dealing on "Earnings per Share" as given below :-

Particulars	(Amount in ₹)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit After Tax	75,53,975	1,81,02,579
Less: Dividend Payable to Preference Share Holders	-	280,000
Dividend Distribution Tax on Preference Dividend	-	57,001
Dividend Paid for Earlier Year	-	17,95,147
Profit Available to Equity Shareholders	75,53,975	1,59,70,431
Weighted Average Number of Equity Shares of ₹ 10/- each Fully Paid Up	17,07,609	17,07,609
Earning Per Share on profit for the year (in ₹)		
Basic & Diluted	4.42	9.35

37. The Company has assessed the carrying amount of the assets vis a vis their recoverable values and no impairment has been envisaged at the balance sheet date as per the requirements of Accounting Standard -28 on "Impairment of Assets".

38. In terms of Accounting Standard 22 Deferred Tax Liability(DTL) recognised during the year is ₹ 26,75,599/- (Previous Year DTL reversed was ₹ 4,65,245/-). Consequently, the DTL at the Year end stands ₹ 46,40,044/- (Previous Year ₹ 19,64,505/-).

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

39. The Company has made a provision of ₹ 6,03,759/- (Previous Year ₹ 7,92,306/- in its books of accounts towards contribution for Corporate Social Responsibility under Section 135 of the Companies Act, 2013. Out of ₹ 10,11,802/- earmarked for CSR activities in F.Y. 2016-2017 and F.Y. 2015-2016, ₹ 8,08,000/- has been incurred for activities specified in Schedule VII of the Companies Act, 2013 in the financial year 2016-2017 through "Kanco CSR Trust".

40. CORPORATE INFORMATION

Kanco Tea & Industries Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed at "The Calcutta Stock Exchange Limited" and permitted to be traded at the "Bombay Stock Exchange". The Company is engaged in the manufacturing and selling of black tea. The Company caters to only the domestic market. The food safety system and the quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirement of HACCP (Hazard Analysis and Critical Point), ISO 22000 Food Safety Management. The quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirements of ISO 9001:2008. Mackeypore Tea Estate & Lakmijan Tea Estate has been issued verification certificate under trusttea code for sustainable tea in India.

41. PROPOSED DIVIDEND

	Amount in (₹)
Proposed Equity Dividend @25% on Equity Share of ₹ 10/- each	42,69,022
Proposed Preference Dividend @7% on 7% Non-Cumulative	
Preference Share of ₹ 100/- each	2,80,000
Dividend Distribution Tax on Proposed Dividend	9,26,074
	<u>54,75,096</u>

The Board in its meeting held on 30th May, 2017 has recommended a final dividend of ₹ 2.50 per Equity Share and ₹ 7/- per Preference Share for the financial year ended 31st March, 2017. The proposed dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting and if approved, would result in cash outflow of ₹ 54,75,096/-, including dividend distribution tax.

42. During the year, the Company has acquired Bamonpookrie Tea Estate from Ryam Commerce & Plantations Limited (herein after referred as Seller) in terms of Business Transfer Agreement dated 29th March, 2017 executed between the Company and Seller at a purchase consideration of ₹ 28,50,00,000/- (Rupees Twenty Eight Crores Fifty Lakhs Only) and the undernoted assets have been shown as addition to Property, Plant & Equipments in Notes on Financial Statements No.11 as given below: -

Particulars	Amount (₹)
Land	25,00,00,000
Building & Structures	88,00,000
Plant and Machinery	2,10,00,000
Vehicles	50,00,000
Furniture and Fittings	2,00,000
	<u>28,50,00,000</u>

Accordingly, the remaining useful life of the additions so made has been re-estimated by the Company based on technical evaluation as provided in Part C of Schedule II to the Companies Act, 2013.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

43. During the year, the Company has Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R. 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBN and other notes as per the notification are as follows: -

Particulars	Amount in (₹)		
	SBNs(1)	Other denomination notes	Total
Closing Cash-in-Hand as on November 8, 2016	2,52,000	3,34,608	5,86,608
Add: Permitted Receipts	-	1,30,20,000	1,30,20,000
Less: Permitted Payments	-	76,23,883	76,23,883
Less: Amount Deposited in Banks	<u>2,52,000</u>	<u>-</u>	<u>2,52,000</u>
Closing Cash in Hand as on December 30, 2016	-	57,30,725	57,30,725

(1) For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated November 8, 2016.

44. In accordance with revised accounting standard AS-10 on "Property, Plant & Equipment (PPE)" effective from 1st April, 2016, Bearer Plants have been recognised as an item of PPE and has been depreciated over their useful life resulting an additional depreciation amounting to ₹ 10,81,363/- for the year ended 31st March, 2017.

Expenditure on replanting of old tea bushes have been capitalised to the tune of ₹ 47,03,805/- during the year ended 31st March, 2017 to comply with the requirements of revised AS-10, which was hitherto charged to Statement of Profit & Loss.

During the year due to change in accounting policy in respect of Property, Plant & Equipment, corresponding changes as depreciation, profit for the year has been affected as below: -

(i) During the year, profit has increased by ₹ 47,03,805/- on account of replanting expenses, capitalised due to change in AS-10 on "Property, Plant & Equipment (PPE)" effective from 1st April, 2016

(ii) During the year, profit has decreased by ₹ 10,81,363/- on account of depreciation on bearer plants as per revised AS-10 on "Property, Plant & Equipment (PPE)" effective from 1st April, 2016.

45. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 as amended and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

c. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost and net of subsidies less accumulated depreciation/impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from sale/discard of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is sold/discarded.

d. Depreciation on Property, Plant and Equipment

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method as per the useful lives of the assets specified in Schedule II of the Companies Act, 2013.

In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis.

Depreciation on significant components of Property, Plant and Equipment having different useful life are depreciated considering its useful life.

e. Impairment of Property, Plant and Equipment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.

f. Intangible Assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specified asset to which it relates.

Intangible assets are amortised in profit & loss over their estimated useful lives, from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset.

g. Investments

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

On initial recognition, all investments are measured at cost. The cost comprises purchase price and direct attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

h. Inventories

Stores and spares are valued at Weighted Average Cost basis.

Finished Tea i.e. Black Tea is valued at net realisable value.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

i. Exchange Fluctuations

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

j. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Other Items of Income

Other items of Income are accounted as and when the right to receive arises.

k. Government Grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Capital grants and subsidy relating to specific assets are reduced from the gross value of the fixed assets.

Revenue grants and subsidies are credited to Profit & Loss Account or deducted from the related expenses.

l. Employee Benefits

Defined Contribution Plan:

The Company has defined contribution plans in the form of Provident Fund, Pension Scheme, EDLI, Super Annuation Fund and Labour Welfare Fund and the contributions are charged to the Profit & Loss Account of the year when the contribution to the respective funds are due. There are no other contribution payable to the respective funds.

Defined Benefit Plan:

The Company has defined benefit plans in the form of Gratuity and Leave Encashment, the liability for which is determined on the basis of actuarial valuation at the end of the year. Gains and losses arising out of actuarial valuation are recognised immediately to the Profit & Loss account as income or expense. The Company has an Employees Gratuity Fund managed by LIC of India. The present value of obligation is determined using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlements. The Compensated absences are unfunded.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

m. Research & Development Expenses

Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

n. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

Other Borrowing costs are recognised as expense in the period in which they are incurred.

o. Taxes on Income

Current tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under Section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax arising on account of timing differences and which are capable of reversal in one or more subsequent periods is recognised, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

p. Earning per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

q. Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

NOTES ON STANDALONE FINANCIAL STATEMENTS (Contd.)

Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

r. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

s. Prior Period Items

Prior Period and Extra Ordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

t. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

46. The previous year figures have been regrouped/reclassified, wherever necessary to confirm to the current year presentation.

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

In terms of our report of even date attached.

For JAIN & CO.
Chartered Accountants
Firm Registration No.302023E

(CA M.K.JAIN)
Partner
Membership No.055048
P-21/22, Radhabazar Street, Kolkata - 700 001

Place: Kolkata
Dated the 30th day of May, 2017

For and on behalf of the Board of Directors

U. KANORIA
Chairman & Director
(DIN : 00081108)

C. KABRA
Company Secretary

S. K. PARHI
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KANCO TEA & INDUSTRIES LIMITED REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of **KANCO TEA & INDUSTRIES LIMITED**, (hereinafter referred to as "the Holding Company") and Winnow Investments and Securities Private Limited, (hereinafter referred to as "the Subsidiary Company") (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standard specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and audit evidence obtained by the other auditors is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017 and their consolidated profit and their consolidated cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT (Contd.)

Other Matters

We did not audit the financial statements/financial information of subsidiary, whose financial statements/financial information reflect total assets of ₹ 2,27,21,335/- as at 31st March, 2017, total revenues of ₹ 1,21,51,630/- and net cash flows amounting to ₹ 11,42,659/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements/financial information have been audited by other auditor, whose report have been furnished to us by the Management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub section (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

- 1) As required by Section 143(3) of the Act, we report to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of other auditors;
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2017 and taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group Companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure " and
 - g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its associates in its financial statements - Refer Note No. 28 to the consolidated financial statements.
 - (ii) The Group and its associates did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies and its associate companies incorporated in India.

INDEPENDENT AUDITORS' REPORT (Contd.)

- (iv) The Holding Company and its subsidiary company have duly provided requisite disclosures in its financial statements as to holdings as well as dealing in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company and as produced to us by the Management –Refer Note 43.

P-21/22, Radha Bazar Street,
Kolkata-700001.
Dated the 30th day of May, 2017

For JAIN & CO
Chartered Accountants
(Registration No- 302023E)
(CA M.K. JAIN)
Partner
(Membership No. 055048)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

Report on the internal financial controls under clause (i) of sub section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of **Kanco Tea & Industries Limited** ("the Holding Company") and its subsidiary company, which is incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company its subsidiary company, which is incorporated in India as of that date, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

P-21/22, Radha Bazar Street,
Kolkata-700001.
Dated the 30th day of May, 2017

For JAIN & CO
Chartered Accountants
(Registration No- 302023E)
(CA M.K. JAIN)
Partner
(Membership No. 055048)

CONSOLIDATED BALANCE SHEET as at 31st March, 2017

(Amount in ₹)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	1	2,10,76,090	2,10,76,090
Reserves and Surplus	2	22,82,43,908	21,02,39,214
		<u>24,93,19,998</u>	<u>23,13,15,304</u>
Non-Current Liabilities			
Long-Term Borrowings	3	26,35,73,426	2,67,32,074
Deferred Tax Liabilities (Net)	4	46,40,044	19,64,505
Other Long Term Liabilities	5	40,40,018	24,65,301
Long Term Provisions	6	2,51,54,725	2,81,03,470
		<u>29,74,08,213</u>	<u>5,92,65,350</u>
Current Liabilities			
Short-Term Borrowings	7	9,41,29,731	2,66,30,353
Trade Payables	8	-	-
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises		-	-
(ii) Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises		1,53,68,213	67,65,275
Other Current Liabilities	9	7,09,62,175	6,42,80,673
Short-Term Provisions	10	4,65,44,990	5,67,64,342
		<u>22,70,05,109</u>	<u>15,44,40,643</u>
Total		<u>77,37,33,320</u>	<u>44,50,21,297</u>
ASSETS			
Non-Current Assets			
Fixed Assets			
Property, Plant and Equipment	11(i)	42,41,84,322	14,54,65,450
Intangible Assets	11(ii)	38,864	85,080
Capital Work-in-Progress		1,57,64,237	-
		<u>43,99,87,423</u>	<u>14,55,50,530</u>
Non-Current Investments	12	9,15,84,098	6,44,87,453
Long Term Loans and Advances	13	10,50,86,633	12,44,83,194
Other Non-Current Assets	14	1,50,58,583	30,32,810
		<u>65,17,16,737</u>	<u>33,75,53,987</u>
Current Assets			
Current Investments	15	1,31,00,000	4,71,05,665
Inventories	16	5,28,83,407	35,18,852
Trade Receivables	17	43,66,785	24,24,546
Cash and Bank Balances	18	3,40,15,509	53,47,109
Short-Term Loans and Advances	19	1,76,50,882	1,30,71,138
		<u>12,20,16,583</u>	<u>10,74,67,310</u>
Total		<u>77,37,33,320</u>	<u>44,50,21,297</u>

The accompanying Notes 1 to 47 form an integral part of the financial statements.

In terms of our report of even date attached

For JAIN & CO.

Chartered Accountants

Firm Registration No.302023E

(CA M.K.JAIN)

Partner

Membership No.055048

P-21/22, Radhabazar Street, Kolkata - 700 001

Place: Kolkata

Date the 30th day of May, 2017

For and on behalf of the Board of Directors

U. KANORIA

Chairman & Director

(DIN : 00081108)

C. KABRA
Company Secretary

S. K. PARHI
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2017

(Amount in ₹)

Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Income			
Revenue from Operations	20	39,78,14,071	41,71,32,948
Other Income	21	2,87,32,914	1,09,76,009
Total Revenue		<u>42,65,46,985</u>	<u>42,81,08,957</u>
Expenditure			
Purchase of Tea		91,050	-
Cost of Materials Consumed	22	5,09,04,291	5,08,73,984
Changes in Inventories of Finished Goods	23	(27,27,224)	(1,13,62,448)
Employee Benefits Expense	24	19,89,88,602	17,64,98,633
Finance Costs	25	97,48,472	78,35,240
Depreciation & Amortisation Expenses	26	1,26,04,525	1,13,14,858
Other Expenses	27	13,30,00,730	14,38,22,724
Bad Debts		-	2,52,35,599
Total Expenses		<u>40,26,10,446</u>	<u>40,42,18,590</u>
Profit Before Tax		<u>2,39,36,539</u>	<u>2,38,90,367</u>
Tax Expenses			
Current Tax			
Central Income Tax (MAT Payable)		32,96,314	24,20,139
Agricultural Income Tax		9,89,565	34,34,911
Provision for Agricultural Income Tax for earlier years		-	5,60,118
MAT Credit Entitlement		(10,29,573)	(8,00,795)
Deferred Tax		26,75,539	(4,65,245)
		<u>59,31,845</u>	<u>51,49,128</u>
Profit After Tax		<u>1,80,04,694</u>	<u>1,87,41,239</u>
Basic & Diluted Earning per equity share [Nominal Value of ₹ 10/- each] (Refer Note No. 36)		10.54	9.73

The accompanying Notes 1 to 47 form an integral part of the financial statements.

In terms of our report of even date attached

For JAIN & CO.

Chartered Accountants

Firm Registration No.302023E

(CA M.K.JAIN)

Partner

Membership No.055048

P-21/22, Radhabazar Street, Kolkata - 700 001

Place: Kolkata

Date the 30th day of May, 2017

For and on behalf of the Board of Directors

U. KANORIA

Chairman & Director

(DIN : 00081108)

C. KABRA
Company Secretary

S. K. PARHI
Chief Financial Officer

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March, 2017

(Amount in ₹)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax & extraordinary items	2,39,36,539	2,38,90,367
Finance Costs	97,48,472	78,35,240
Depreciation	1,26,04,525	1,13,14,858
Bad Debt	-	2,52,35,599
Interest Received	(1,42,808)	(43,22,122)
(Profit)/Loss on Sale of Property, Plant and Equipment	(50,648)	8,29,748
Dividend Received	(22,86,799)	(22,55,027)
(Profit) on sale of Current investment	(1,29,22,268)	(8,14,881)
Loss on sale of Non- Current investment	2,74,175	2,41,577
Operating Profit Before Working Capital Changes	3,11,61,188	6,19,55,359
Adjustment For changes in working Capitals:		
Trade & Other Receivables	(2,10,15,279)	30,01,266
Inventories	(1,33,64,555)	(90,50,773)
Trade & Other Payables	(5,71,923)	1,20,85,912
Cash Generated From Operations	(37,90,569)	6,79,91,764
Income Tax Paid (Net of Refund)	(25,57,838)	(53,92,812)
Net Cash Flow from Operating Activities	(63,48,407)	6,25,98,952
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(30,78,62,561)	(1,97,75,977)
Property, Plant and Equipment Sold	8,71,791	19,19,444
Interest Received	1,42,808	43,22,122
Dividend Received	22,86,799	22,55,027
Sale/(Purchase) of Investments	1,95,57,113	(4,97,47,439)
Net Cash Flow from Investing Activities	(2,85,004,050)	(6,10,26,823)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Long Term Borrowings	23,68,41,352	(20,36,674)
Long Term Loans & Advances	2,54,28,599	1,68,63,505
Short Term and Current borrowings from Banks	6,74,99,378	47,79,911
Finance Costs	(97,48,472)	(78,35,240)
Dividends Paid	-	(1,06,13,192)
Dividend Distribution Tax Paid	-	(17,95,147)
Net Cash Used in Financing Activities	32,00,20,857	(6,36,837)
Opening Balance of Cash and Cash Equivalents	53,47,109	44,11,817
Net Increase in Cash and Cash Equivalents	2,86,68,400	9,35,292
Closing Balance of Cash and Cash Equivalents (Refer Note No.18)	3,40,15,509	53,47,109

Notes : 1. The above Cash Flow Statement has been prepared under the 'Indirect Method' set out in Accounting Standard 3 - Cash Flow Statement referred to in The Companies (Accounting Standard) Rules, 2006.
2. Cash and cash Equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/rearranged, wherever considered necessary to confirm to this year's classification

In terms of our report of even date attached
For JAIN & CO.

Chartered Accountants
Firm Registration No.302023E
(M.K.JAIN)

Partner
Membership No.055048
P-21/22, Radhabazar Street, Kolkata - 700 001
Place: Kolkata
Date the 30th day of May, 2017

For and on behalf of the Board of Directors

U. KANORIA
Chairman & Director
(DIN : 00081108)

C. KABRA
Company Secretary

S. K. PARHI
Chief Financial Officer

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2017

(Amount in ₹)

As at	As at
31st March, 2017	31st March, 2016

1. SHARE CAPITAL
Details of Authorised, Issued, Subscribed and Fully Paid up Shares

20,00,000 (Previous Year 20,00,000) Equity Shares of ₹ 10/- each	2,00,00,000	2,00,00,000
1,00,000 (Previous Year 1,00,000) Non Cumulative Redeemable Preference Shares of ₹ 100/- each	1,00,00,000	1,00,00,000
	<u>3,00,00,000</u>	<u>3,00,00,000</u>

Issued, Subscribed and Fully Paid up Shares

17,07,609 (Previous Year 17,07,609) Equity Shares of ₹ 10/- each fully paid up	1,70,76,090	1,70,76,090
40,000 (Previous Year 40,000) 7% Non Cumulative Redeemable Preference Shares of ₹ 100/- each)	40,00,000	40,00,000
Total Issued, Subscribed and Fully Paid up Share Capital	<u>2,10,76,090</u>	<u>2,10,76,090</u>

Reconciliation of Paid up Share Capital

	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares	Amount	No. of Shares	Amount
Equity Shares of ₹ 10/- each				
At the beginning of the Year	17,07,609	1,70,76,090	17,07,609	1,70,76,090
Outstanding at the end of the Year	<u>17,07,609</u>	<u>1,70,76,090</u>	<u>17,07,609</u>	<u>1,70,76,090</u>
7% Non Cumulative Redeemable Preference Shares				
At the beginning of the Year	40,000	40,00,000	40,000	40,00,000
Outstanding at the end of the Year	<u>40,000</u>	<u>40,00,000</u>	<u>40,000</u>	<u>40,00,000</u>

Terms and rights attached to Equity Shares

The Company has only one class of Equity Share having par value of ₹ 10/- per share. Each holder of Equity Share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of Equity Share will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders

Terms and rights attached to Preference Shares

During the year ended 31st March, 2004, the Company had issued 40,000 7% Non Cumulative Redeemable Preference Shares of ₹ 100/- each fully paid up. Preference Shares carry a dividend of 7%, only when it is declared by the Company. The dividend is paid by the Company in Indian Rupees only. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Each holder of Preference Share is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to Preference Shares.

The 7% Non Convertible Preference Shares will be redeemed in the year ended 31st March, 2023 at par value only. In the event of liquidation of the company before redemption of Preference Shares, the holder of Preference Shares will have priority over Equity Shares in the payment of dividend and repayment of capital.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Details of Shareholders holding more than 5 percent of Shares in the Company

Name of the Shareholders	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares Held	(%) of Holding	No. of Shares Held	(%) of Holding
Equity Shares of ₹ 10/- Each Fully Paid				
E.T. Resources Private Limited	292,541	17.13	292,541	17.13
Satvik Welfare Trust	249,300	14.60	249,300	14.60
Mrs. Anuradha Kanoria	183,147	10.73	183,147	10.73
Umang Kanoria (HUF)	155,535	9.11	155,535	9.11
Mr. Satvik Kanoria	95,541	5.60	95,541	5.60
Facitcon Investments Private Limited	86,650	5.07	86,650	5.07
Preference Shares of ₹ 100/- Each Fully Paid				
Facitcon Investments Pvt Ltd	26,000	65.00	26,000	65.00
Mrs. Sumitra Devi Pasari	5,200	13.00	5,200	13.00
Stuti Welfare Trust	4,000	10.00	4,000	10.00
Mrs. Sumitra Nangalia	3,790	9.48	3,790	9.48

(Amount in ₹)

2. RESERVES & SURPLUS

a. General Reserve

	As at 31st March, 2017	As at 31st March, 2016
Balance as per Last Financial Statement	3,72,79,047	3,54,68,789
Add: Transfer from Statement of Profit and Loss	7,00,00,000	18,10,258
Closing Balance	10,72,79,047	3,72,79,047

b. Preference Share Redemption Reserve

	40,00,000	40,00,000
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c. Surplus in Statement of Profit and Loss

Balance as per Last Financial Statement	16,89,60,167	16,44,37,525
Add: Profit for the Year	1,80,04,694	1,87,41,239
Less: Appropriations		
(i) Transfer to General Reserve	7,00,00,000	18,10,258
(ii) Proposed Dividend on Preference Shares	-	2,80,000
(iii) Proposed Dividend on Equity Shares	-	85,38,045
(iv) Dividend distribution tax on Proposed Dividend	-	17,95,147
(v) Dividend on Preference Share and Equity Share for earlier year	-	17,95,147
Total Appropriations	7,00,00,000	1,42,18,597
Net Surplus in the Statement of Profit and Loss	11,69,64,861	16,89,60,167

Total	22,82,43,908	21,02,39,214
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NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

3. LONG-TERM BORROWINGS	Non-Current Portion		Current Maturities	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Term Loan (Secured)				
From Banks	18,88,91,256	1,76,13,857	1,10,53,879	1,24,53,356
From Others	34,31,847	41,18,217	6,86,370	6,86,370
	<u>19,23,23,103</u>	<u>2,17,32,074</u>	<u>1,17,40,249</u>	<u>1,31,39,726</u>
Unsecured Loans				
From Directors	68,00,000	25,00,000	-	-
From Related Parties (Refer Note No.35)	3,19,50,323	-	-	-
From Others	3,25,00,000	25,00,000	-	-
	<u>7,12,50,323</u>	<u>50,00,000</u>	<u>-</u>	<u>-</u>
Total	<u>26,35,73,426</u>	<u>2,67,32,074</u>	<u>1,17,40,249</u>	<u>1,31,39,726</u>
The above Includes				
Secured borrowings	19,23,23,103	2,17,32,074	1,17,40,249	1,31,39,726
Unsecured borrowings	7,12,50,323	50,00,000	-	-
Amount disclosed under the head				
Current Liabilities	-	-	(1,17,40,249)	(1,31,39,726)
Net Amount	<u>26,35,73,426</u>	<u>2,67,32,074</u>	<u>-</u>	<u>-</u>

Nature of Security

Term Loan from Bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit or tea lying with brokers, book debts (present and future) and by way of equitable mortgage of immovable properties and machineries of tea estates as collateral security and further guaranteed by two directors of the Company.

Term Loan in the nature of Car Loan is secured by Hypothecation of Motor Cars.

Loan from Tea Board is secured by hypothecation of tea crops and mortgage of title deeds of Tea Estates in favour of Tea Board ranking subsequent to charge created in favour of Punjab National Bank.

Terms of Repayment of Term Loan

Particulars of Loan	Date of Sanction	Original Loan Amount	Repayment Schedule
PNB Term Loan-A/C-No-104496	04/06/2003	4,08,00,000	8 Annual Installments of varying amount starting from June, 2008.
PNB Term Loan-A/C No-156161	05/07/2008	2,34,87,000	8 Annual Installments of varying amount starting from July, 2013.
PNB Term Loan-A/C No-156213	12/09/2013	5,85,36,000	7 Annual Installments of varying amount starting from the F.Y. 2015-16
PNB Term Loan-A/C No-156268	29/03/2017	20,10,00,000	8 Annual Installments of varying amount starting from the F.Y. 2018-19
ICICI Bank Car Loan	07/03/2013	15,55,000	36 Monthly Instalments starting from 1st April, 2013.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Particulars of Loan	Date of Sanction	Original Loan Amount	Repayment Schedule
ICICI Bank Car Loan	21/12/2015	20,00,000	36 Monthly Instalments starting from 10th January, 2016.
SPTF Loan	07/08/2009	54,90,957	16 equal half yearly Installments commencing from 6th year from the date of sanction. The first installment shall fall due on the last day of the 66th month from the date of disbursement, i.e. w.e.f May, 2015.

Notes on Unsecured Loans

Unsecured Loan from the related parties are outstanding for a period of more than twelve months. Repayment of these loans will be made beyond 12 months from the date of reporting.

	As at 31st March, 2017	(Amount in ₹) As at 31st March, 2016
4. DEFERRED TAX LIABILITY		
Deferred Tax Liability being the Tax impact on - Difference of Written Down Value of Property, Plant and Equipment as per Income Tax Laws and Books	89,10,988	37,99,670
Deferred Tax Liability	89,10,988	37,99,670
Deferred Tax Assets being the Tax impact on - Expenses charged in books but allowance thereof deferred under Income Tax Laws	42,70,944	18,35,165
Deferred Tax Assets	42,70,944	18,35,165
Deferred Tax Liability (Net) (Refer Note No. 38)	46,40,044	19,64,505
5. OTHER LONG TERM LIABILITIES		
(i) Trade Payables (Refer Note No. 30)	1,27,013	1,27,013
(ii) Other Payables	39,13,005	23,38,288
	40,40,018	24,65,301
6. LONG TERM PROVISIONS		
Provision for Employee Benefits (Refer to Note No. 33)		
For Gratuity	2,33,31,810	14,32,174
For Leave Encashment	18,22,915	14,35,697
Provision for Bad Debt	-	2,52,35,599
	2,51,54,725	2,81,03,470
7. SHORT TERM BORROWINGS		
Cash Credit from Punjab National Bank (Secured)	9,41,29,731	2,66,30,353
	9,41,29,731	2,66,30,353

Cash credit from bank is secured by hypothecation of green tea leaves, before and after plucking, teas in process, finished tea in stock/transit or tea lying with brokers, book debts (present and future) and by way of equitable mortgage of immovable properties and machineries of tea estates as collateral security and further guaranteed by two directors of the Company.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹)	
	As at 31st March, 2017	As at 31st March, 2016
8. TRADE PAYABLES		
Trade Payables (Refer to Note No. 30)		
(i) Total Outstanding Dues of Micro Enterprises and Small Enterprises	-	-
(ii) Total Outstanding Dues of Creditors Other Than Micro Enterprises and Small Enterprises	1,53,68,213	67,65,275
	1,53,68,213	67,65,275
9. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Borrowings (Refer to Note No.3)	1,17,40,249	1,31,39,726
Interest accrued and due on borrowings	31,66,354	42,38,478
Unpaid Dividend [Refer Note (i)]	19,39,278	15,78,910
Trustee for Disposal of Fractional Shares [Refer Note (i)]	2,77,464	2,77,768
Others Payables [Refer Note (ii)]	5,38,38,830	4,50,45,791
	7,09,62,175	6,42,80,673
(i) Investor Education and Protection Fund will be credited, as and when due		
(ii) Others Payables		
Advance received from Consignment Agents	46,52,919	74,08,965
Payable to Employees	2,61,41,867	1,93,54,227
Brokerage on Sales	47,09,753	35,89,598
Statutory Liabilities	43,01,335	39,06,929
Others	1,40,32,956	1,07,86,072
	5,38,38,830	4,50,45,791
10. SHORT TERM PROVISIONS		
Provision for Employee Benefits (Refer to Note No.33)		
For Gratuity	35,99,113	76,41,477
For Leave Encashment	5,63,929	3,90,708
	41,63,042	80,32,185
Other Provisions		
Provision for Tax	4,23,81,948	3,81,18,965
Proposed Equity Dividend	-	85,38,045
Proposed Preference Dividend	-	2,80,000
Provision for Tax on Proposed Dividend	-	17,95,147
	4,23,81,948	4,87,32,157
	4,65,44,990	5,67,64,342

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

11. (i) PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Land	Bearer Plants	Building & Water Supply	Machinery & Elec. Installation	Vehicles	Furniture & Fittings	Total
Cost							
At 1st April, 2015	-	3,10,45,893	3,74,96,937	8,53,45,117	2,39,28,745	1,24,11,047	19,02,27,739
Additions	-	3,35,553	72,29,765	34,89,039	83,45,405	4,18,281	1,98,18,043
Disposals	-	-	-	(28,31,687)	(51,60,597)	-	(79,92,284)
Other adjustments	-	-	-	(28,009)	-	-	(28,009)
Subsidy	-	-	-	(4,99,935)	-	-	(4,99,935)
At 31st March, 2016	-	3,13,81,446	4,47,26,702	8,54,74,525	2,71,13,553	1,28,29,328	20,15,25,554
Additions	25,00,00,000	49,67,535	92,68,555	2,17,33,108	57,79,803	3,35,437	29,20,84,438
Disposals	-	-	-	(20,85,857)	(20,36,178)	-	(41,22,035)
At 31st March, 2017	25,00,00,000	3,63,48,981	5,39,95,257	10,51,21,776	3,08,57,178	1,31,64,765	48,94,87,957
Depreciation							
At 1st April, 2015	-	-	32,63,938	3,01,94,491	89,05,420	82,00,239	5,05,64,088
Charge for the Year	-	-	12,90,637	61,40,997	33,08,954	5,26,464	1,12,67,052
Disposals	-	-	-	(23,61,192)	(34,09,844)	-	(57,71,036)
At 31st March, 2016	-	-	45,54,575	3,39,74,296	88,04,530	87,26,703	5,60,60,104
Charge for the Year	-	10,81,363	16,37,059	62,14,785	30,60,454	5,50,762	1,25,44,423
Disposals	-	-	-	(14,93,563)	(18,07,329)	-	(33,00,892)
At 31st March, 2017	-	10,81,363	61,91,634	3,86,95,518	1,00,57,655	92,77,465	6,53,03,635
Net Block							
As At 31st March, 2016	-	3,13,81,446	4,01,72,127	5,15,00,229	1,83,09,023	41,02,625	14,54,65,450
As At 31st March, 2017	25,00,00,000	3,52,67,618	4,78,03,623	6,64,26,258	2,07,99,523	38,87,300	42,41,84,322

(ii) INTANGIBLE ASSETS

Particulars	Gross Block			Depreciation			Net Block	
	As At		As At	Upto	For the	Upto	Amount	Amount
	01.04.2016	Additions	31.03.2017	01.04.2016	Year	31.03.2017	31.03.2017	31.03.2016
Software	1,33,335	13,886	1,47,221	48,255	60,102	1,08,357	38,864	85,080
Current Year	1,33,335	13,886	1,47,221	48,255	60,102	1,08,357	38,864	85,080
Previous Year	82,371	50,964	1,33,335	449	47,806	48,255	85,080	81,922

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

12. NON CURRENT INVESTMENTS	As at 31st March, 2017		As at 31st March, 2016	
	No of Shares	Amount	No of Shares	Amount
Other than Trade				
(i) In Equity Shares - Quoted (Valued at Cost)				
Warren Tea Limited ₹ 10/- each	10	2,133	10	2,133
Kanco Enterprises Ltd ₹ 10/- each *	33,14,291	3,53,55,657	33,14,291	3,53,55,657
Oriental Carbon & Chemical Ltd ₹ 10/- each	2,56,404	91,97,695	-	-
Mangalore Refinery & Petrochemicals Ltd ₹ 10/- each	-	-	200	5,900
Srei Infrastructure Finance Ltd ₹ 10/- each	-	-	3,985	5,20,193
L&T Finance Holding Ltd ₹ 10/- each	-	-	43,500	30,67,618
IDFC Limited ₹ 10/- each	-	-	17,000	14,70,302
IDFC Bank Limited ₹ 10/- each	-	-	17,000	9,56,740
CESC Limited ₹ 10/- each	-	-	2,100	10,58,493
First Source Solutions Limited ₹ 10/- each	-	-	500	21,804
Total (i)		4,45,55,485		4,24,58,840
(ii) In Equity Shares - Unquoted (Valued at Cost)				
Gujarat Nylons Limited of ₹ 10/- each	100	3,468	100	3,468
The Methoni Tea Co. Ltd ₹ 10/- each	100	12,688	100	12,688
The Grob Tea Co. Limited ₹ 10/- each	150	12,120	150	12,120
Rydak Syndicate Limited ₹ 10/- each	100	12,688	100	12,688
E.T. Resources Private Limited ₹ 10/- each	74,300	10,08,377	74,300	10,08,377
B.T. Investments Private Limited ₹ 10/- each	76,500	9,16,424	76,500	9,16,424
Cosmos Resources Private Limited ₹ 10/- each	75,000	9,63,240	75,000	9,63,240
Facitcon Investments Private Limited ₹ 10/- each	88,000	9,13,193	88,000	9,13,193
S.T. Investment Private Limited ₹ 10/- each	7,98,350	79,86,190	7,98,350	79,86,190
Nidhi Private Limited ₹ 10/- each	1,60,000	4,02,050	1,60,000	4,02,050
Innova Properties Private Limited ₹ 10/- each	77,500	7,78,875	77,500	7,78,875
Suryasakti Commodities Pvt Ltd ₹ 10/- each	46,000	4,62,300	46,000	4,62,300
Total (ii)		1,34,71,613		1,34,71,613
(iii) In Preference Shares - Unquoted (Valued at Cost)				
B.T. Investments Private Limited ₹ 100/- each	39,250	39,25,000	39,250	39,25,000
Facitcon Investments Private Limited ₹ 100/- each	46,320	46,32,000	46,320	46,32,000
Total (iii)		85,57,000		85,57,000
(iv) In Mutual Fund - Unquoted (Valued at Cost)				
IIFL Best of Class Fund I :				
HDFC Asset Management Company Ltd	5,24,301.368	50,00,000	-	-
Reliance Capital Asset Management Company Ltd	5,11,927.921	50,00,000	-	-
IIFL Asset Revival Fund Series-2	13,22,848.951	1,50,00,000	-	-
Total (iv)		2,50,00,000		-
Total Non-Current Investments (i+ii+iii+iv)		9,15,84,098		6,44,87,453
Aggregate Amount of Quoted Investments		4,45,55,485		4,24,58,840
Market Value of Quoted Investments		23,67,06,914		1,11,20,578
Aggregate Amount of Unquoted Investments		4,70,28,613		2,20,28,613
Market Value of Mutual Fund		2,99,70,060		-

* Out of which 30,86,080 Equity Shares are lying pledged.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹)
	As at
	As at
	31st March, 2017
	31st March, 2016
13. LONG TERM LOANS AND ADVANCES	
(Unsecured considered good unless otherwise stated)	
(i) Security Deposits	
(a) with Related parties	70,21,112
(b) with others	38,91,875
(ii) Loans and Advances to Related Parties (Refer Note No.35)	3,57,86,662
(iii) Loan & Advances to the Private Company, wherein, director is a member	-
(iv) Other Loan & Advances	
(a) Advance Taxes	4,00,82,931
(b) Balance with Statutory and Govt authorities	11,14,606
(c) TDS Receivables	32,56,179
(d) Advances recoverable in cash or kinds or for value to be received	1,39,33,268
	<u>5,83,86,984</u>
	<u>10,50,86,633</u>
	<u>12,44,83,194</u>

14. OTHER NON-CURRENT ASSETS

(Unsecured considered good unless otherwise stated)

Trade Receivables	1,21,576	86,349
Housing Subsidy Receivables	53,862	53,862
SPTF Subsidy Receivable from Tea Board	1,19,90,546	-
Interest Subsidy Receivables	28,92,599	28,92,599
	<u>1,50,58,583</u>	<u>30,32,810</u>

15. CURRENT INVESTMENTS

	As at 31st March, 2017	As at 31st March, 2016
	No. of	No. of
	Units	Units
	Amount	Amount
Other than Trade		
(i) In Equity Shares - Quoted (Valued at Cost)		
Oriental Carbon & Chemical Ltd ₹ 10/- each	-	2,72,664
Total (i)	-	90,61,126
(ii) In Mutual Fund - Unquoted (Valued at Cost)		
ICICI Prudential Banking & PSU Debt Fund	2,13,670.408	38,00,000
Franklin India Ultra short Bond Fund	1,80,273.351	38,00,000
UTI Treasury Advantage Fund	1,779.263	38,00,000
Kotak Low Duration Fund	875.460	17,00,000
ICICI Prudential Value Discovery Fund	-	4,532.881
Birla Sun Life Saving Fund	-	69,536.598
IIFL Best of Class Fund I :		
HDFC Asset Management Company Ltd	-	5,24,301.368
Reliance Capital Asset Management Company Ltd	-	5,11,927.921
IIFL Asset Revival Fund Series-2	-	75,00,000
Total (ii)	<u>1,31,00,000</u>	<u>3,80,44,539</u>
Total Value of Current Investments (i+ii)	<u>1,31,00,000</u>	<u>4,71,05,665</u>
Market Value of Quoted Equity Shares	-	13,72,04,525
Market Value of Mutual Fund	<u>1,37,45,900</u>	<u>3,76,85,480</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹)
	As at
	As at
	31st March, 2017
	31st March, 2016
16. INVENTORIES	
Finished Goods - Black Tea	3,01,42,531
Stores and Spares	2,74,15,307
Stores-in-Transit	1,41,76,847
	1,10,42,077
	85,64,029
	10,61,468
	<u>5,28,83,407</u>
	<u>3,95,18,852</u>
17. TRADE RECEIVABLES	
(Unsecured considered good unless otherwise stated)	
Outstanding for more than six months	1,25,910
Others	75,706
	42,40,875
	23,48,840
	<u>43,66,785</u>
	<u>24,24,546</u>
18. CASH AND BANK BALANCES	
(i) Cash and Cash Equivalents	
In Current Accounts	2,95,30,207
Unclaimed Dividend Accounts	20,93,461
Deposits with Bank (Less than three months maturity)	19,12,970
NABARD Tea Development A/c	15,57,102
Bank Account for Disposal of Fractional shares	3,53,340
Cash in Hand	3,400
	3,400
	2,77,464
	2,77,768
	9,95,267
	2,33,555
	<u>3,30,72,648</u>
	<u>44,65,286</u>
(ii) Other Bank Balances	
Fixed Deposits with bank having balance maturity of twelve months or Less (Under Lien)	9,42,861
	8,81,823
	9,42,861
	8,81,823
Total (i+ii)	<u>3,40,15,509</u>
	<u>53,47,109</u>
19. SHORT TERM LOANS & ADVANCES	
(Unsecured considered good unless otherwise stated)	
(i) Advances recoverable in cash or in kind or for value to be received	96,34,836
(ii) Balance with Statutory and Govt authorities	57,67,232
(iii) Interest Accrued and Due on Fixed Deposits	9,32,990
(iv) Interest Accrued and Due on Unsecured Loan	6,92,642
(v) Prepaid Expenses	52,983
(vi) Capital Advance	48,840
	4,31,044
	36,66,493
	27,14,072
	25,11,876
	38,84,957
	3,84,055
	<u>1,76,50,882</u>
	<u>1,30,71,138</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(Amount in ₹)

For the year ended For the year ended
31st March, 2017 31st March, 2016

20. REVENUE FROM OPERATIONS

Sale of Products		
Finished Goods	39,78,14,071	41,71,32,948
	39,78,14,071	41,71,32,948

The Company's revenue from operations is from sale of black tea.

21. OTHER INCOME

Interest Income		
(i) Current Interest	1,32,927	1,06,532
(ii) Non-Current Interest	9,881	42,15,590
Dividend Income		
(i) Current Investments	70,000	22,14,234
(ii) Non-Current Investments	22,16,799	40,793
Profit on Sale of Investments (Net)		
(i) Current	1,29,22,268	8,14,881
(ii) Non-Current	1,28,215	-
Profit/(Loss) on Sale of Fixed Assets (Net)	50,648	(8,29,748)
Tea Board Subsidy	1,31,32,496	42,27,412
Other Non-Operating Income	69,680	1,86,315
	2,87,32,914	1,09,76,009

22. COST OF MATERIALS CONSUMED

Purchase of Green Tea Leaves	5,09,04,291	5,08,73,984
	5,09,04,291	5,08,73,984

23. (INCREASE) / DECREASE IN INVENTORIES

Finished Goods		
Inventories at Commencement	2,74,15,307	1,60,52,859
Inventories at Close	3,01,42,531	2,74,15,307
	(27,27,224)	(1,13,62,448)

24. EMPLOYEE BENEFITS EXPENSE

Salaries, Wages and Bonus	14,55,50,682	14,03,09,930
Contribution to Provident Fund and Other Funds (Refer Note No.33)	3,15,12,330	2,00,84,970
Staff Welfare Expenses	2,19,25,590	1,61,03,733
	19,89,88,602	17,64,98,633

25. FINANCE COSTS

Interest Expenses	79,55,845	75,72,706
Other Borrowing Costs	17,92,627	2,62,534
	97,48,472	78,35,240

26. DEPRECIATION & AMORTISATION EXPENSES

Depreciation of Property, Plant and Equipment	1,25,44,423	1,12,67,052
Amortisation of Intangible Assets	60,102	47,806
	1,26,04,525	1,13,14,858

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

	(Amount in ₹)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
27. OTHER EXPENSES		
Consumption of Stores & Spares	4,14,41,280	4,49,90,910
Power & Fuel	3,05,83,364	3,31,11,095
Rent	7,14,000	7,60,600
Repair to Building	35,31,918	34,77,501
Repair to Machinery	42,92,607	59,41,033
Insurance Charges	19,21,969	19,47,957
Rates & Taxes	53,35,702	49,58,656
Prior Period Expenses	22,575	19,149
Vehicle Running & Maintenance Charges	98,81,439	52,68,958
Donation	20,000	25,50,000
Selling & Distribution Expenses	1,77,37,820	2,19,62,015
Auditors' Remuneration (Refer Note i)	3,15,396	2,85,014
Travelling Expenses	73,15,899	84,64,472
Director Sitting Fees	2,70,000	2,70,000
Loss on Sale of Plants	-	60,305
Loss on Sale of Non-Current Investment	4,02,390	2,41,577
Speculation Loss on Shares	16,330	-
Corporate Social Responsibility Expenditure	6,03,759	7,92,306
Miscellaneous Expenses	85,94,282	87,21,176
	13,30,00,730	14,38,22,724
i. Auditors' Remuneration (Including Service Tax)		
As Auditor		
Statutory Audit Fees	1,26,500	1,25,950
Tax Audit Fees	34,500	34,350
For Other Services (Certificates)	1,48,721	1,14,727
Reimbursement of Expenses	5,675	9,987
	3,15,396	2,85,014

28. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

a) Contingent Liabilities

Claims, disputes and demands not acknowledged as debts:

- Demand of ₹ 7,94,960/- (P.Y. ₹ 7,94,960/-) for F.Y. 2009-10 has been raised under West Bengal Value Added Tax Rules, 2005 by Joint Commissioner of Commercial Taxes, for which an appeal has been filed on 18/03/2014 before the West Bengal Commercial Taxes Appellate & Revision Board, West Bengal.
- Income Tax demand of ₹ 1,24,257/- for the A.Y. 2010-11 has been raised by the I.T.O. Ward 4(4) after giving effect to the order of CIT (Appeals)-IV passed under section 250 of the Income Tax Act, 1961 against which the Company has filed a rectification application.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- (iii) The Company has paid ₹ 24,72,214/- as interim measure as per order of Hon'ble High Court at Guwahati against debit note raised by GAIL (India) Limited for ₹ 68,80,820/- (P.Y. ₹ 68,80,820/-). Matter is now pending with Hon'ble Supreme Court.
- (iv) Demand of ₹ 35,684/- has been raised vide order u/s 143(3) of the Income Tax Act, 1961 for the A.Y. 2012-13 dated 13/06/2014 and an appeal against the same has been filed with CIT (Appeal)-2, Kolkata.
- (v) Demand of ₹ 100/- has been raised vide order u/s 143(3) of the Income Tax Act, 1961 for the A.Y. 2013-14 dated 20/01/2016 and an appeal against the same has been filed with CIT (Appeal)-2, Kolkata.

The amounts shown in the item (a) represent the best possible estimates arrived at on the basis of available information. The uncertainties and possible reimbursements are dependent on the outcome of the different legal processes which have been invoked by the Company or the claimants as the case may be and therefore cannot be predicted accurately. The Company engages reputed professional advisors to protect its interests and has been advised that it has strong legal positions against such disputes.

b) Commitments

Outstanding commitment in respect of Irrevocable Stand by Revolving Letter of Credit issued in favour of GAIL (India) Ltd. ₹ 22,07,139/- (Previous Year ₹ 22,68,177/-).

- 29. Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for amount to ₹ 51,48,910/- (Previous Year ₹ 3,60,000/-).
- 30. Sundry Creditors do not include any amount due (Previous Year ₹ Nil) from suppliers as defined under the "Micro Small & Medium Enterprises Development Act, 2006" as per the information available with the Company. Hence disclosures regarding a) Amount due and outstanding to suppliers as at the accounting period, b) Interest paid during period, c) Interest payable at the end of the accounting period and d) Interest accrued at the end of the accounting period has not been disclosed or provided.

31. VALUE OF RAW MATERIALS, SPARES AND COMPONENTS CONSUMED

	Raw Materials				Components & Spare Parts Consumed			
	2016-2017		2015-2016		2016-2017		2015-2016	
	₹	%	₹	%	₹	%	₹	%
Imported	-	-	-	-	-	-	-	-
Indigineous	5,09,04,291	100	5,08,73,984	100	4,14,41,280	100	4,49,90,910	100
	<u>5,09,04,291</u>	<u>100</u>	<u>5,08,73,984</u>	<u>100</u>	<u>4,14,41,280</u>	<u>100</u>	<u>4,49,90,910</u>	<u>100</u>

	2016-2017	2015-2016
	₹	₹
32. EXPENDITURE IN FOREIGN CURRENCY		
Travelling Expenses	40,58,453	40,15,565
Subscription	1,54,680	1,44,397
	<u>42,13,133</u>	<u>41,59,962</u>

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

33. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD - 15 (REVISED) "EMPLOYEE BENEFITS"

a. Defined Contribution Plans:

Contribution to Defined Contribution Plans, recognised as expense for the year included in "Employee Benefit Expense" in Note-24 to the Statement of Profit & Loss Account is as under :

Particulars	2016-2017 (₹)	2015-2016 (₹)
Employer's Contribution to Provident and other Funds	3,15,12,330	2,00,84,970

b. Defined Benefit Plans:

i. Reconciliation of opening and closing balances of the Present Value of the Defined Benefit Obligation:

Particulars	Gratuity (Funded)	
	2016-2017 (₹)	2015-2016 (₹)
a. Present value of Defined Benefit obligation at the beginning of the year	3,75,38,606	3,11,99,939
b. Interest cost	29,46,781	24,27,355
c. Current service cost	39,35,013	24,90,839
d. Past Service Cost	1,34,67,366	-
d. Actuarial Losses/(Gains)	10,54,316	32,65,337
e. Benefits paid	(11,10,686)	(18,44,864)
f. Present value of Defined Benefit Obligation at the close of the year	58,31,396	3,75,38,606

ii. Changes in the fair value of Plan Assets representing and the reconciliation of opening and closing balances thereof as follows:

Particulars	2016-2017 (₹)	2015-2016 (₹)
a. Fair value of Plan Assets at the beginning of the year	2,84,64,955	2,40,11,940
b. Add: Expected return on Plan Assets	25,61,846	21,61,075
c. Add: Actuarial Gains	(4,93,992)	61,736
d. Add: Contributions	40,53,281	40,75,068
e. Benefits Paid	(11,10,686)	(18,44,864)
f. Fair value of Plan Assets at the close of the year	3,34,75,404	2,84,64,955

iii. Amount Recognised in the Balance Sheet including a reconciliation of the present value of the defined obligation in (i) and the fair value of the plan assets in (ii) to assets and liabilities recognised in the Balance Sheet:

Particulars	2016-2017 (₹)	2015-2016 (₹)
a. Present value of Defined Benefit obligation	5,78,31,396	3,75,38,606
b. Fair value of Plan Assets	3,34,75,404	2,84,64,955
c. Present value of unfunded obligation	(2,43,55,992)	(90,73,651)
d. Net Liability/(Asset) recognised in the Balance Sheet	(2,43,55,992)	(90,73,651)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

iv. Amount recognised in the Profit and Loss Account are as follows:

Particulars	2016-2017 (₹)	2015-2016 (₹)
a. Current Service Cost	39,35,013	24,90,839
b. Interest Cost	29,46,781	24,27,355
c. Expected return on Plan Assets	(25,61,846)	(21,61,075)
d. Actuarial Losses/(Gains)	15,48,308	32,03,601
e. Past Service Cost (Refer Note Below)	71,67,366	-
f. Recognised in the Profit and Loss Account	1,30,35,622	59,60,720

v. Actuarial Assumptions at the Balance Sheet Date :

Particulars	2016-2017 (₹)	2015-2016 (₹)
Discount Rate	7.35%	7.85%
Expected rate of return on Plan Assets	7.71%	9.00%
Salary Escalation rate- Management Staff	5.00%	5.00%
Salary Escalation rate- Non Management Staff	5.00%	5.00%
Mortality	IALM 06-08 ultimate	IALM 06-08 ultimate
Withdrawal Rate	2.00%	2.00%

The Estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

The past service cost has been recognised as ₹ 71,67,366/- as Ryam Commerce & Plantations Limited has transferred ₹ 63,00,000/- as current liabilities on account of Gratuity in terms of Business Transfer Agreement dated 29th March, 2017. The said ₹ 63,00,000/- has been subtracted from the total purchase consideration payable to Ryam Commerce & Plantations Limited.

vi. Amount recognised as an expense in respect of Compensated Leave Absences is ₹ 2,37,113/- and (Previous Year ₹ 3,52,711/-) based on actuarial valuation. During the year ended 31st March, 2017 the Company has paid ₹ 1,64,545/- and (Previous Year ₹ 1,55,890/-) as actual leave encashment.

Note: Encashment of leave is payable on death whilst in service, withdrawal from service or from retirement from services. In the view of salary growth rates have been used to project the salary at the time when encashment of leave is assumed to take place. While making actuarial valuations certain assumptions, such as mortality rates, withdrawal rates and retirement age etc. have been taken into consideration by the actuarial valuer. The Method used for such valuation is projected Unit Credit Method, which are in compliance with AS-15 (Revised 2005) as issued by ICAI and Guidance Note 26 issued by Institute of Actuaries of India.

34. SEGMENT REPORTING

The Company has only one segment i.e. manufacturing of Black Tea and as a result the reporting required of AS - 17 "Segment Reporting" are not attracted.

35. RELATED PARTY DISCLOSURES

Related party disclosures, as required by AS-18 "Related Party Disclosures" are given below:

1. Relationships

(i) Key Management Personnel and their relatives:

Mrs. Anuradha Kanoria

Stuti Welfare Trust

Mr. Umang Kanoria

Satvik Welfare Trust

Ms. Stuti Kanoria

Umang Kanoria H.U.F.

Mr. Satvik Kanoria

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

(ii) Enterprises over which the key management personnel and/or their relatives have significant influence :

B.T. Investments Private Limited	Milan Agencies Private Limited
Cosmos Resources Private Limited	Nidhi Private Limited
E.T. Resources Private Limited	S.T. Investment Private Limited
Facitcon Investments Private Limited	Suryasakti Commodities Private Limited
Innova Properties Private Limited	Kanco CSR Trust
Kanco Enterprises Limited	Dhanvaridhi Foods Private Limited

2. The following transactions were carried out with the related parties in the ordinary course of business.

Details relating to parties referred to in item 1(i) and 1(ii) above:

Particulars	2016-17		2015-16	
	In Relation to Item 1(i)	In Relation to Item 1(ii)	In Relation to Item 1(i)	In Relation to Item 1(ii)
	Amount in ₹		Amount in ₹	
Rent Paid				
Milan Agencies Private Limited	-	3,60,000	-	3,60,000
Innova Properties Private Limited	-	2,52,000	-	2,52,000
Suryasakti Commodities Private Limited	-	3,60,000	-	3,60,000
Maintenance Expenses Reimbursed				
Milan Agencies Private Limited	-	1,38,000	-	3,43,500
Suryasakti Commodities Private Limited	-	1,38,000	-	3,43,500
Electricity Charges Reimbursed				
Milan Agencies Private Limited	-	1,18,991	-	78,717
Suryasakti Commodities Private Limited	-	88,628	-	90,030
Rent Realised				
Mrs. Anuradha Kanoria	4,20,000	-	3,75,000	-
Unsecured Loan Repaid/Given				
S.T. Investment Private Limited	-	29,69,000	-	1,47,50,000
Unsecured Loan Realised/Received				
Mrs. Anuradha Kanoria	43,00,000	-	-	-
Innova Properties Private Limited	-	1,45,000	-	1,45,000
S.T. Investment Private Limited	-	3,49,67,323	-	3,49,86,721
Remuneration Paid				
Mrs. Anuradha Kanoria	3,99,164	-	33,71,179	-
Ms. Stuti Kanoria	2,68,800	-	2,68,800	-
Director Fees Paid				
Mr. Umang Kanoria	75,000	-	75,000	-
Interest Paid				
Mrs. Anuradha Kanoria	14,137	-	-	-
S.T. Investment Private Limited	-	84,302	-	-
Interest Received				
Innova Properties Private Limited	-	9,881	-	27,850
S.T. Investment Private Limited	-	-	-	40,73,881

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

Equity Dividend Paid				
Mrs. Anuradha Kanoria	9,15,735	-	9,15,735	-
Umang Kanoria H.U.F.	7,77,675	-	7,77,675	-
Ms. Stuti Kanoria	3,42,870	-	3,42,870	-
Mr. Satvik Kanoria	4,77,705	-	4,77,705	-
Satvik Welfare Trust	12,46,500	-	12,46,500	-
E.T.Resources Private Limited	-	14,62,705	-	14,62,705
Facitcon Investments Private Limited	-	4,33,250	-	4,33,250
Innova Properties Private Limited	-	60,000	-	60,000
Nidhi Private Limited	-	1,55,000	-	1,55,000
S.T.Investment Private Limited	-	1,35,030	-	1,35,030
Preference Dividend Paid				
Stuti Welfare Trust	28,000	-	28,000	-
Facitcon Investments Private Limited	-	1,82,000	-	1,82,000
Subscription of Shares				
B.T.Investments Private Limited	-	-	-	39,25,000
Facitcon Investments Private Limited	-	-	-	46,32,000
S.T.Investment Private Limited	-	-	-	66,63,500
Contribution for CSR				
Kanco CSR Trust	-	8,08,000	-	12,74,000
Outstanding Balances at the end of the Financial Year				
Security Deposit				
Innova Properties Private Limited	-	40,21,112	-	40,21,112
Milan Agencies Private Limited	-	30,00,000	-	30,00,000
(Payable)/Receivable (Net)				
Mrs. Anuradha Kanoria	(43,00,000)	-	-	-
Milan Agencies Private Limited	-	(7,882)	-	(7,645)
Suryasakti Commodities Private Limited	-	(5,751)	-	(5,487)
Innova Properties Private Limited	-	-	-	1,45,000
Kanco Enterprises Limited	-	2,17,17,383	-	4,69,52,982
S.T.Investment Private Limited	-	(1,74,50,000)	-	1,77,83,772

36. EARNINGS PER SHARE

Calculation of Basic and Diluted Earnings per Share as required by AS-20 dealing on "Earnings per Share" as given below :-

Particulars	(Amount in ₹)	
	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit After Tax	1,80,04,694	1,87,41,239
Less: Dividend Payable to Preference Share Holders	-	2,80,000
Dividend Distribution Tax on Preference Dividend	-	57,001
Dividend Paid for Earlier Year	-	17,95,147
Profit Available to Equity Shareholders	1,80,04,694	1,66,09,091
Weighted Average Number of Equity Shares of ₹ 10/- Each Fully Paid Up	17,07,609	17,07,609
Earning Per Share on profit for the year (in ₹)		
Basic & Diluted	10.54	9.73

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

37. The Company has assessed the carrying amount of the assets vis a vis their recoverable values and no impairment has been envisaged at the balance sheet date as per the requirements of Accounting Standard -28 on "Impairment of Assets".
38. In terms of Accounting Standard 22, Deferred Tax Liability (DTL) recognised during the year is ₹ 26,75,599/- (Previous Year DTL reversed was ₹ 4,65,245/-). Consequently, the DTL at the Year end stands ₹ 46,40,044/- (Previous Year ₹ 19,64,505/-).
39. The Company has made a provision of ₹ 6,03,759/- (Previous Year ₹ 7,92,306/- in its books of accounts towards contribution for Corporate Social Responsibility under section 135 of the Companies Act, 2013. Out of ₹ 10,11,802/- earmarked for CSR activities in F.Y. 2016-2017 and F.Y. 2015-2016, ₹ 8,08,000/- has been incurred for activities specified in Schedule VII of the Companies Act, 2013 in the financial year 2016-2017 through "Kanco CSR Trust".

40. Corporate Information

Kanco Tea & Industries Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed at "The Calcutta Stock Exchange Limited" and permitted to be traded at the "Bombay Stock Exchange Limited". The Company is engaged in the manufacturing and selling of black tea. The Company caters to only the domestic market. The food safety system and the quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirement of HACCP (Hazard Analysis and Critical Point), ISO 22000 Food Safety Management. The quality management system of Mackeypore Tea Estate has been assessed and found to meet the requirements of ISO 9001:2008. Mackeypore Tea Estate & Lakmijan Tea Estate has been issued verification certificate under trusttea code for sustainable tea in India.

41. Proposed Dividend

	Amount in (₹)
Proposed Equity Dividend @25% on Equity Share of ₹ 10/- each	42,69,022
Proposed Preference Dividend @7% on 7% Non-Cumulative Preference Share of ₹ 100/- each	2,80,000
Dividend Distribution Tax on Proposed Dividend	9,26,074
	<u>54,75,096</u>

The Board in its meeting held on 30th May, 2017 has recommended a final dividend of ₹ 2.50 per Equity Share and ₹ 7/- per Preference Share for the financial year ended 31st March, 2017. The proposed dividend is subject to the approval of the shareholders in the ensuing Annual General Meeting and if approved, would result in cash outflow of ₹ 54,75,096/-, including dividend distribution tax.

42. During the year, the Company has acquired Bamonpookrie Tea Estate from Ryam Commerce & Plantations Limited (herein after referred as Seller) in terms of Business Transfer Agreement dated 29th March, 2017 executed between the Company and Seller at a purchase consideration of ₹ 28,50,00,000/- (Rupees Twenty Eight Crores Fifty Lakhs Only) and the undernoted assets have been shown as addition to Property, Plant & Equipments in Notes on Financial Statements No.11 as given below: -

Particulars	Amount (₹)
Land	25,00,00,000
Building & Structures	88,00,000
Plant and Machinery	2,10,00,000
Vehicles	50,00,000
Furniture and Fittings	2,00,000
	<u>28,50,00,000</u>

Accordingly, the remaining useful life of the additions so made has been re-estimated by the Company based on technical evaluation as provided in Part C of Schedule II to the Companies Act, 2013.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

43. During the year, the Company has Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA Notification, G.S.R. 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBN and other notes as per the notification are as follows: -

Particulars	SBNs(1)	Amount in (₹)	
		Other denomination notes	Total
Closing Cash-in-Hand as on November 8, 2016	2,52,000	3,34,608	5,86,608
Add: Permitted Receipts	-	1,30,20,000	1,30,20,000
Less: Permitted Payments	-	76,23,883	76,23,883
Less: Amount Deposited in Banks	2,52,000	-	2,52,000
Closing Cash-in-Hand as on December 30, 2016	-	57,30,725	57,30,725

- (1) For the purposes of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated November 8, 2016.

44. In accordance with revised accounting standard AS-10 on "Property, Plant & Equipment (PPE)" effective from 1st April, 2016, Bearer Plants have been recognised as an item of PPE and has been depreciated over their useful life resulting an additional depreciation amounting to ₹ 10,81,363/- for the year ended 31st March, 2017.

Expenditure on replanting of old tea bushes have been capitalised to the tune of ₹ 47,03,805/- during the year ended 31st March, 2017 to comply with the requirements of revised AS-10, which was hitherto charged to Statement of Profit & Loss.

During the year due to change in accounting policy in respect of Property, Plant & Equipment, corresponding changes as depreciation, profit for the year has been affected as below: -

- (i) During the year, profit has increased by ₹ 47,03,805/- on account of replanting expenses, capitalised due to change in AS-10 on "Property, Plant & Equipment (PPE)" effective from 1st April, 2016.
- (ii) During the year, profit has decreased by ₹ 10,81,363/- on account of depreciation on bearer plants as per revised AS-10 on "Property, Plant & Equipment (PPE)" effective from 1st April, 2016.

45. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation of Financial Statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rule, 2014 as amended and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Principles of Consolidation

The Consolidated Financial Statements relate to Kanco Tea & Industries Limited (the Company) and its subsidiary Company namely Winnow Investments and Securities Private Limited. The brief information about the subsidiary as on 31/03/2017 is as under:

Name of Company	Country of Incorporation	Proportionate of ownership interest	
		31.03.2017	31.03.2016
Winnow Investments and Securities Private Limited	India	100%	100%

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

The Consolidated Financial Statements have been prepared in accordance with the applicable accounting standards, on the basis of standalone financial statements of the parent and the subsidiary by consolidating on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses and thereafter making due elimination of intra-group transactions.

- c. Investments other than in subsidiary have been accounted as per Accounting Standard (AS)13 on "Accounting for Investments."

d. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

e. Property, Plant and Equipment

Property, Plant and Equipment are stated at cost and net of subsidies less accumulated depreciation/impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of Property, Plant and Equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from sale/discard of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is sold/discarded.

f. Depreciation on Property, Plant and Equipment

Depreciation on Property, Plant and Equipment is provided using the Straight Line Method as per the useful lives of the assets specified in Schedule II of the Companies Act, 2013.

In respect of assets acquired/sold during the year, depreciation has been provided on pro-rata basis.

Depreciation on significant components of Property, Plant and Equipment having different useful life are depreciated considering its useful life.

g. Impairment of Property, Plant and Equipment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.

h. Intangible Assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specified asset to which it relates.

Intangible assets are amortised in profit & loss over their estimated useful lives, from the date they are available for use based on the expected pattern of consumption of economic benefits of the asset.

i. Investments

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

On initial recognition, all investments are measured at cost. The cost comprises purchase price and direct attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j. Inventories

Stores and spares are valued at Weighted Average Cost basis.

Finished Tea i.e. Black Tea is valued at net realisable value.

k. Exchange Fluctuations

Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion: Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange Differences: Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

l. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

Other Items of Income

Other items of Income are accounted as and when the right to receive arises.

m. Government Grants and Subsidies

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

Capital grants and subsidy relating to specific assets are reduced from the gross value of the fixed assets.

Revenue grants and subsidies are credited to Profit & Loss Account or deducted from the related expenses.

n. Employee Benefits

Defined Contribution Plan:

The Company has defined contribution plans in the form of Provident Fund, Pension Scheme, EDLI, Super Annuation Fund and Labour Welfare Fund and the contributions are charged to the Profit & Loss Account of the year when the contribution to the respective funds are due. There are no other contribution payable to the respective funds.

Defined Benefit Plan:

The Company has defined benefit plans in the form of Gratuity and Leave Encashment, the liability for which is determined on the basis of actuarial valuation at the end of the year. Gains and losses arising out of actuarial valuation are recognised immediately to the Profit & Loss account as income or expense. The Company

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

has an Employees Gratuity Fund managed by LIC of India. The present value of obligation is determined using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlements. The Compensated absences are unfunded.

o. Research & Development Expenses

Revenue expenditure on Research and Development is charged as an expense through the normal heads of account in the year in which the same is incurred. Capital expenditure incurred on equipment and facilities that are acquired for research and development activities is capitalised and is depreciated according to the policy followed by the Company.

p. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.

Other Borrowing costs are recognised as expense in the period in which they are incurred.

q. Taxes on Income

Current tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax arising on account of "timing differences and which are capable of reversal in one or more subsequent periods is recognised, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset is recognised only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

Minimum Alternate Tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognises MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

r. Earning per Share

"Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

s. Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where the company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

t. Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

u. Prior Period Items

Prior Period and Extra Ordinary items and Changes in Accounting Policies having material impact on the financial affairs of the Company are disclosed.

v. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

46. Additional Information as per Schedule III relating to Consolidated Financial Statements as at 31st March, 2017

Name of the Enterprise	Net Assets		Share in profit or loss	
	As % of the consolidated net assets	Amount (₹ in Lacs)	As % of the consolidated profit or loss	Amount (₹ in Lacs)
Parent Kanco Tea & Industries Limited	98.30	7606.12	41.95	75.50
Subsidiaries Winnow Investments and Securities Private Limited	1.70	131.21	58.05	104.51

47. The previous year figures have been regrouped/reclassified, wherever necessary to confirm to the current year presentation.

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

In terms of our report of even date attached

For JAIN & CO.

Chartered Accountants

Firm Registration No.302023E

(CA M. K. JAIN)

Partner

Membership No.055048

P-21/22, Radhabazar Street, Kolkata - 700 001

For and on behalf of the Board of Directors

U. KANORIA

Chairman & Director

(DIN : 00081108)

Place: Kolkata

Date the 30th day of May, 2017

C. KABRA

Company Secretary

S. K. PARHI

Chief Financial Officer

AOC-1

[Pursuant to Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiary

Part “A”: Subsidiaries

Sl. No.	Particulars	Details
1.	Name of the Subsidiary	Winnow Investments and Securities Private Limited
2.	Financial year ending on	31/03/2017
3.	Reporting Currency	Indian Rupee
4.	Share capital	96,00,000
5.	Reserves & surplus	1,10,89,379
6.	Total Assets	2,27,21,335
7.	Total Liabilities	20,31,956
8.	Investments	2,22,97,695
9.	Turnover	1,21,51,630
10.	Profit before taxation	1,21,16,828
11.	Provision for taxation	16,66,109
12.	Profit after taxation	1,04,50,719
13.	Proposed Dividend	Nil
14.	% of shareholding	100%

In terms of our report of even date attached

For JAIN & CO.

Chartered Accountants

Firm Registration No.302023E

(CA M. K. JAIN)

Partner

Membership No.055048

P-21/22, Radhabazar Street, Kolkata - 700 001

Place: Kolkata

Date the 30th day of May, 2017

For and on behalf of the Board of Directors

U. KANORIA

Chairman & Director

(DIN : 00081108)

C. KABRA

Company Secretary

S. K. PARHI

Chief Financial Officer

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

KANCO TEA & INDUSTRIES LIMITED

(CIN L15491WB1983PLC035793)

Regd. Office: "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata- 700017

KANCO Telefax: +91 33 2281-5217; E-mail: contact@kancotea.in; Website: www.kancotea.in

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s) _____

Registered Address _____

E-mail ID _____ Folio No/* Client ID _____ *DP ID _____

I/We, being the member(s) of shares of the above named Company, hereby appoint:

1. Name : _____
Address: _____
Email ID: _____
Signature : _____ or failing him/her _____
2. Name : _____
Address: _____
Email ID: _____
Signature : _____ or failing him/her _____
3. Name : _____
Address: _____
Email ID: _____
Signature : _____ or failing him/her _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 34th Annual General Meeting of the Company, to be held on Thursday, 3rd August, 2017 at 2:00 p.m. at "Shripati Singhania Hall, ROTARY SADAN, 94/2, Chowringhee Road, Kolkata-700020" and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl. No.	Resolution	For	Against
Ordinary Business			
1a.	To receive, consider and adopt the Audited Standalone Financial Statement of the Company for the year ended 31st March, 2017, the reports of the Board of Directors and Auditors thereon and		
1b.	To receive, consider and adopt the Audited Consolidated Financial Statement of the Company for the year ended 31st March, 2017, the reports of the Board of Directors and Auditors thereon.		
2.	To declare dividend on 7% Non-Cumulative Redeemable Preference Shares for the financial year ended 31st March, 2017.		
3.	To declare dividend on Equity Shares for the financial year ended 31st March, 2017.		
4.	To appoint a director in place of Mr. Umang Kanoria (DIN: 00081108), who retires by rotation and being eligible, offers himself for re-appointment.		
5.	To appoint M/s. Jain & Co., Chartered Accountants (Firm Registration No: 302023E) as Statutory Auditors of the Company and authorise the Board of Directors to fix their remuneration.		
Special Business			
6.	Increase in the Authorised Share Capital and alteration of the Capital Clause in the Memorandum of Association of the Company.		
7.	Issue of Bonus Shares		

Signed this _____ day of _____, 2017

Signature of Shareholder _____

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, at "Jasmine Tower", 3rd Floor, 31, Shakespeare Sarani, Kolkata-700 017 not less than FORTY EIGHT HOURS before the meeting. The proxy holder shall prove his identity at the time of attending the meeting.



KANCO TEA & INDUSTRIES LIMITED

(CIN : L15491WB1983PLC035793)

Regd. Office: "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata- 700017

Telefax: +91 33 2281-5217; E-mail: contact@kancotea.in; Website: www.kancotea.in

ATTENDANCE SLIP

DP ID* _____ Folio No. _____

Client ID* _____ No. of Shares _____

I hereby record my presence at the 34th Annual General Meeting of the Company held on Thursday, 3rd August, 2017 at 2:00 p.m. at "Shripati Singhanian Hall, ROTARY SADAN, 94/2, Chowringhee Road, Kolkata-700020".

*Applicable for investors holding shares in electronic form.

Signature of Shareholder / Proxy



KANCO TEA & INDUSTRIES LIMITED

(CIN : L15491WB1983PLC035793)

Regd. Office: "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata- 700017

Telefax: +91 33 2281-5217; E-mail: contact@kancotea.in; Website: www.kancotea.in

REGISTRATION OF E-MAIL ADDRESS FOR FUTURE COMMUNICATION

DP ID* _____ Folio No. _____

Client ID* _____ No. of Shares _____

Name of the Shareholder _____

Registered Address _____

E-mail ID _____

Signature of Shareholder _____



KANCO TEA & INDUSTRIES LIMITED

(CIN : L15491WB1983PLC035793)

Regd. Office: "Jasmine Tower", 3rd Floor, 31 Shakespeare Sarani, Kolkata- 700017

Telefax: +91 33 2281-5217; E-mail: contact@kancotea.in; Website: www.kancotea.in

34th Annual General Meeting

Date & Time : Thursday, 3rd August, 2017 at 2:00 p.m.

Venue : Shripati Singhanian Hall, ROTARY SADAN, 94/2, Chowringhee Road, Kolkata-700020

