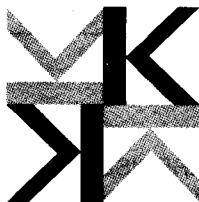


KANCO ENTERPRISES LIMITED



KANCO ENTERPRISES LIMITED

Abridged Annual Report 2008-2009

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BOARD OF DIRECTORS

Sri U. Kanoria

Chairman & Managing Director

Sri G. R. Basotia

Wholetime Director

Sri G. Momen

Sri P. K. Bhattacharjee

Sri P. K. Poddar

Sri A. K. Jain

Directors

COMPANY SECRETARY

Sri R. Mundhra

AUDITORS

M/s. Jain & Co.

Chartered Accountants

BRANCH AUDITORS

M/s. Dalal & Shah

Chartered Accountants

COST AUDITORS

M/s. N D Birla & Co.

Cost Accountants

BANKERS

State Bank of India

Punjab National Bank

REGISTERED OFFICE

Jasmine Tower, 3rd Floor

31, Shakespeare Sarani, Kolkata 700 017

Telefax : 2281 5217

Email : kanco@vsnl.com

Website : www.kanco.in

BRANCH OFFICE

207, Shitiratna, 2nd Floor

Panchavati Circle, Ahmedabad 380 006

TEA DIVISION

Mackeypore Tea Estate

P.O. Nazira 785 685

Dist. Sivasagar (Assam)

TEXTILE DIVISION

Kanco Overseas

Village: Walthera

Taluka : Dholka 387 810

Dist. Ahmedabad (Gujarat)

SHARE REGISTRARS

CB Management Services (P) Ltd.

P-22, Bondel Road, Kolkata 700 019

Phone : 2280 6692/93/94

Email : cbmsl1@cal2.vsnl.net.in



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of KANCO ENTERPRISES LIMITED will be held at the "Kalakunj", 48, Shakespeare Sarani, Kolkata 700 017 on Wednesday, the 23rd of September, 2009 at 10:30 A.M., *inter-alia* to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2009, the Audited Balance Sheet as at that date and the Reports of the Board of Directors and Auditors.
2. To appoint a director in place of Mr. Parag Keshar Bhattacharjee, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Pavan Kumar Poddar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT Messrs B. R. Shah & Associates, Chartered Accountants, be and they are hereby appointed as Auditors of the Company under Section 224 read with Section 224A and other applicable provisions, if any, of the Companies Act, 1956 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration as may be decided by the Board, inclusive of reimbursement of out-of-pocket expenses, as may be incurred by the Auditors on account of performance of their duties."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 228 of the Companies Act, 1956 and other applicable provisions, the Board of Directors of the Company be and is hereby authorised to appoint individual(s) or firms other than the Company's Statutory Auditors, as Branch Auditors of the Company to conduct audit of its Tea Division and to fix their remuneration, for the financial year ended 31st March, 2010."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to such consents, approvals and permissions as may be needed, Mr. Umang Kanoria be and is hereby re-appointed as the Managing Director of the Company, not liable to retire by rotation for a period of three years with effect from August 1st, 2009, at a remuneration and on terms and conditions set out below :

1. (a) Salary (Basic) per month: Rs. 1,81,500-1,99,650-2,19,615/-
(b) Commission: 1% of the net profits, subject to 50% of annual salary
2. **Allowances/Perquisites**

Housing : Expenditure incurred by the Company on hiring furnished accommodation for the Managing Director subject to a maximum of 15% of the basic salary relevant for the concerned period.

OR

In case Company owned and furnished accommodation is provided no allowance shall be paid.

OR

In case no accommodation-owned or hired-is provided by the Company, the Managing Director shall be entitled to 30% of the basic salary relevant for the concerned period as and by way of House Rent Allowance.

Gas/Electricity/ Water and Furniture/fixtures : Expenditure incurred to be valued as per Income Tax Rules, 1962

**NOTICE (Contd.)**

Medical Reimbursement : Expenditure incurred by the Managing Director and his family, subject to a ceiling of one month's salary (basic) in a year or three months salary (basic) over a period of three years.

Leave Travel Concession : For Self and family in accordance with the Rules of the Company.

Personal Accident Insurance : As per the scheme of the Company provided the Annual Premium does not exceed Rs. 5,000/-.

Club Fees : Actual Fees for a maximum of two clubs. Admission fee and life membership fee shall not be paid by the Company.

The following shall not be included in the computation of ceiling on remuneration specified above :

- a) Contribution to Provident Fund and Superannuation / Annuity Fund will be as per Scheme of the Company but restricted to the amount not taxable under the Income Tax Act, 1962.
- b) Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.
- c) One and a half month's leave with full pay and perquisites, subject to a maximum accumulation of leave for 180 days.
- d) Encashment of un-availed leave at the end of the tenure or at specified intervals will be as per Scheme of the Company.
- e) Provision of car for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director.

Minimum Remuneration :

The remuneration specified at Sl. Nos. 1 and 2 above subject to approval of Central Government should continue to be paid to Shri U. Kanoria as and by way of Minimum Remuneration notwithstanding the loss or inadequacy of profit during the relevant period of tenure of his office as the remuneration proposed is in accordance with the provisions of Schedule XIII of the Companies Act, 1956.

RESOLVED FURTHER THAT the tenure of the employment of Shri U Kanoria as Managing Director of the Company is terminable by either side with a notice period of three months or payment of basic salary in lieu thereof."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all steps and perform such acts, deeds, matters and things, as may be considered necessary, desirable or expedient to give effect to this resolution."

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 163(1) of the Companies Act, 1956 and other applicable provisions and subject to the approval of the members of the Company, the Company do hereby provide its consent to keeping of its Registers of Members, Index of Members and Register of Transfers with the Registrar & Transfer Agents at their office, instead of keeping with the Company at its registered office."

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a SPECIAL RESOLUTION :

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force, such Act being referred to as the "Act"), the applicable provisions of Foreign Exchange Management Act, 1999 ("FEMA"), rules, regulations, guidelines, notifications and circulars issued under FEMA including but not limited to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, as amended, Chapter XIII A of SEBI (DIP) guidelines and other

**NOTICE (Contd.)**

applicable rules, regulations, guidelines, notifications and circulars of the Securities and Exchange Board of India ("SEBI") and enabling provisions of the Memorandum and Articles of Association of the Company and the listing agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed, and subject to requisite approvals, consents, permissions and/or sanctions of SEBI, the Stock Exchanges, Reserve Bank of India, the Ministry of Information and Broadcasting, the Department of Industrial Policy and Promotion, Ministry of Commerce, the Foreign Investment Promotion Board, and all other authorities as may be required, whether in India or outside India, and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution), the Board be and is hereby authorized at its absolute discretion to create, offer, issue and allot in one or more tranches, in the course of domestic / international offerings to one or more persons as the Board may determine at its absolute discretion, whether or not they are members of the Company, including but not limited to domestic investors / foreign investors whether having presence in India or not / institutional investors / foreign institutional investors, members, employees, non-resident Indians, companies or bodies corporate whether incorporated in India or abroad, trusts, mutual funds, banks, financial institutions, insurance companies, pension funds, individuals or otherwise, whether shareholders of the Company or not, through a public issue, rights issue, preferential issue and / or private placement, with or without an over-allotment option, with or without reservation on firm and / or competitive basis of such part of the issue for such person or categories of persons as may be permitted, equity shares and / or equity shares through depository receipts including Foreign Currency Convertible Bonds and / or Global Depository Receipts and / or American Depository Receipts and / or Qualified Institutions Placement (QIP) and / or any other securities convertible into equity shares at the option of the Company and / or holder(s) of the securities and/or securities linked to equity shares and / or securities with warrants including any instruments or securities representing either equity shares and / or Foreign Currency Convertible Bonds or convertible securities or securities linked to equity shares or equity shares / preferential shares/fully convertible debentures / partly convertible debentures or any securities, which are convertible or exchangeable with equity shares at a later date (hereinafter, collectively referred to as "Securities"), secured or unsecured, listed on any Stock Exchange inside India, through an offer document and / or prospectus and / or offer letter and / or offering circular and / or information memorandum and / or any other offering document(s) including an umbrella or shelf offering document, and / or listing particulars, as the Board in its sole discretion may at any time or times hereafter decide, for an aggregate amount not exceeding US\$ 5 Million (approximately Rs. 25 Crores at the current rate of exchange), inclusive of such premium from time to time, such issue and allotment to be made at such time or times in one or more tranches, denominated in one or more currencies, at such price or prices in such manner and where necessary in consultation with the lead managers and / or underwriters and / or stabilizing agents and / or other advisors or otherwise on such terms and conditions as the Board may, in its absolute discretion, decide at the time of issue of Securities with or without any greenshoe option, through an offer document and / or information memorandum as the Board in its sole discretion decide."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid offer/issue of securities may have all or any terms or combination of terms in accordance with the prevalent market conditions including but not limited to terms and conditions relating to payment of interest, dividend, premium or redemption at the option of the Company and/or the holders of the securities including terms for offer/issue of additional equity shares or variation of the conversion price or period of conversion of securities in to equity shares or terms pertaining to voting rights or option(s) for early redemption of securities and the Board be and is hereby authorised to determine the form, terms, timing of the offer(s)/issue(s) including the class of investors, number of securities to be issued and/or allotted in each tranche, offer/issue price, face value, premium amount on issue / conversion of securities, redemption of securities, rate of interest, redemption period, listing on one or more Stock Exchanges in India or overseas as the Board may in its absolute discretion deem fit and to make and accept any modifications



NOTICE (Contd.)

in the proposal as may be required by the authorities and to do all acts, deeds, matters and things as may be necessary and to settle any questions or difficulties that may arise in regard to the said offer(s)/issue(s) of securities."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to offer, issue and allot such number of ordinary equity shares ranking pari-passu, inter-se, with the then existing ordinary shares of the Company in all respects from time to time as may be required to be issued and allotted upon exercise of conversion option by the holder(s) of the securities in accordance with the terms of the issue of securities."

"RESOLVED FURTHER THAT the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Act and subject to all necessary approvals, to the Board to secure, if necessary, all or any of the above Securities to be issued by the creation of mortgage and / or charge on all or any of the Company's immovable and / or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board."

"RESOLVED FURTHER THAT the Board and / or any entity, agency or body authorised and / or appointed by the Board may, upon issue of such Securities, issue depository receipts representing the underlying Securities issued by the Company in negotiable registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability and free transferability thereof as per international practices and regulations in or under such form and practices as may be prevalent in the international market."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and matters flowing there from, connected with and incidental to any of the matters mentioned in the aforesaid resolution, the Board be and is hereby authorized on behalf of the Company to take all actions and to do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue/offer or allotment or conversion of the aforesaid Securities, listing thereof with any of the international /domestic stock exchange(s) and to resolve and settle all questions and difficulties that may arise in the proposed issue / offer, allotment and conversion of any of the aforesaid Securities, utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board may in its absolute discretion deem fit, without being required to seek any further consent or approval of the shareholders or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

Registered Office :

Jasmine Tower, 3rd Floor
31, Shakespeare Sarani, Kolkata 700 017
Dated, the 9th day of May, 2009

By Order of the Board
for KANCO ENTERPRISES LIMITED

R. MUNDHRA
Company Secretary

Notes :

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL, IN HIS STEAD. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- Proxies in order to be effective must be received by the Company at its Registered Office not less than 48 hours before the meeting.
- CB Management Services (P) Ltd has been appointed as RTA of the Company, in place of MCS Ltd. with effect from 1st of August, 2009. Members are advised to send their queries to the former from 1st of August, 2009 onwards.
- The Register of Members and Share Transfer Register shall remain closed with effect from Monday, the 21st of September, 2009 to Wednesday, the 23rd of September, 2009 (both days inclusive).
- The shareholders are requested to communicate to the Registrar & Transfer Agent, change in address, if any, at the address given in the Annual Report.



NOTICE (Contd.)

- Members are requested to preferably send their queries to the Registered Office, seven (7) days before the date of the AGM.
- In accordance with the Clause 32 as amended, Abridged Statement of Accounts is being sent to the members. However, Complete Statement of Accounts for the financial year ended 31st March, 2009 shall be provided to them on written request & be available for inspection at the Registered Office of the Company in accordance with the applicable law; and a soft copy thereof shall also be posted on the website - www.kanco.in.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ("The Act")

Item No. 5

The Company proposes to appoint Branch Auditors other than the Auditors appointed at the Head Quarters of the Company for carrying out the audit of the Tea Division of the Company in the State of West Bengal & Assam for the financial year ending 31st March, 2010. The Resolution seeks to obtain the members' consent as required under Section 288 of the Companies Act, 1956.

Accordingly, your Directors recommend the resolution set out in Item No. 5 of the convening notice for your approval. None of the Directors is in any way concerned or interested in the aforesaid resolution.

Item No. 6

Mr. Umang Kanoria was re-appointed as the Managing Director of the Company on 1st of August, 2006 for a period of three years ended 31st July, 2009. The Board in their meeting on 9th of May, 2009, on the recommendation of the remuneration committee has approved the re-appointment of Mr. Umang Kanoria as the Managing Director of the Company with effect from 1st of August, 2009 for a further period of three years ending 31st July, 2012 on the terms and conditions set out therein.

Mr. Kanoria is a promoter of the Company and has been spearheading the growth of the Company since its inception. Under the able guidance of Mr. Kanoria, the Company has continued its journey toward achieving its vision. The tea division of the Company has recorded tremendous growth in the recent years, under the able leadership of Shri Kanoria. The textile division has also been able to write off its initial loss.

INFORMATION REQUIRED PURSUANT TO THE PROVISIONS OF SCHEDULE XIII TO THE COMPANIES ACT, 1956 READ WITH CLAUSE 49 OF THE LISTING AGREEMENT IS FURNISHED AS UNDER :

I. GENERAL INFORMATION

(i) Nature of Industry

Kanco Enterprises Limited is engaged in the manufacturing and marketing of Tea, Yarn and Fabrics and is having a turnover of Rs. 101 Crores. The Company operates through its Tea estates at Mackeypore and Lakhmijan in the Upper Assam valley region and Textile unit at Walthera at Ahmedabad.

Kanco Enterprises Limited is a growing company in the current economic scenario due to inevitable demand of Quality Tea and fabrics. During a short span of time, the tea produced by the Company has carved out a niche for itself in the domestic market. The Textile division of the Company has embarked on the production of quality fabrics from last year and has already seen a spurt in demand for its netted fabrics.

(ii) Date or expected date of commencement of commercial production

The Company took over the manufacturing units in 1998 under a Scheme of Arrangement, which were operational a long time before that.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable.

**NOTICE (Contd.)****(iv) Financial performance based on given indicators**

Rs./ lacs

Particulars	2007-08	2006-07	2005-06
Gross Revenue	10093.56	8742.08	7754.41
Profit before Tax & Extraordinary items	(769.20)	97.78	28.71
Profit After Tax & Extraordinary items	(548.14)	116.03	(115.16)
Gross Fixed Assets	12654.58	12478.79	8822.14
Equity Share Capital	1543.04	1543.04	771.52
Reserves & Surplus (excluding revaluation reserve)	1446.92	1993.51	1873.47
Net Worth	2976.60	3518.75	2629.40

(v) Export performance and net foreign exchange collaborations

Rs./ lacs

Particulars	2007-08	2006-07	2005-06
Foreign Exchange Earnings	6150.93	5369.65	4484.29
Foreign Exchange Outgo	142.25	678.36	128.98

The Company exports Cotton Yarn and is a registered Star Export House registered with the Government of India besides being accredited with ISO 9000:2001 certification by the Bureau of Indian Standards. The Company has no foreign exchange collaborations.

(vi) Foreign Investments or collaborators, if any : Not Applicable.**II. INFORMATION ABOUT THE APOINTEE**

- a) **Background details :** Mr. Umang Kanoria is a Commerce graduate with Honours from St. Xavier's College, Kolkata and an Associate Member of the Institute of the Cost and Work Accountants of India. He also holds a Masters in Business Administration from Switzerland. He has vast experience in Tea and Textile Industry and is instrumental in business expansion of the Company. Mr. Kanoria was the Ex- Chairman of Education and Finance Committees of Young Presidents' Organisation (YPO) and the Kolkata YPO Chapter Chairman. At present, he is in the executive committee of Indian Chamber of Commerce (ICC). He is also on the Board of prominent Public Limited Companies.
- b) **Past remuneration :** Remuneration to which Mr. U. Kanoria is entitled to at present is Rs. 22.77 Lakhs.
- c) **Recognition :** The Textile unit has been granted Energy Conservation award from the Ministry of Power, Government of India. Your Company has been rated as a Top 500 manufacturing SMB's in India for 2007.
- d) **Job Profile and his suitability :** As stated above, Mr. U. Kanoria is a Commerce graduate with Honours from St. Xavier's College, Kolkata and an Associate Member of the Institute of the Cost and Work Accountants of India. He also holds a Masters in Business Administration from Switzerland. He has extensive experience of more than 25 years in Tea and Textile business. He has been regularly managing day to day affairs of the Company. Since its inception under a scheme of arrangement, the Company has been growing in size and stature and has been rated as top 500 manufacturing SMB's in India in the year 2007. With the experience and entrepreneurial abilities of Mr. U. Kanoria, the Company has achieved turnover of about Rs. 100.22 Crores which is likely to go up in the foreseeable future.
- e) **Remuneration proposed :** As mentioned in the Resolution proposed as Item No. 6 of the Notice.
- f) **Comparative remuneration Profile with respect to industry, size of the company, profile of the position and person :** There is actually no peer group company operating in both the industries in which the Company has its businesses, i.e. Black Tea & Cotton Yarn, hence the comparative data are not applicable.
- g) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any :** Mr. U. Kanoria has no pecuniary relationship with the Company other than his remuneration as Managing Director and Member/ Promoter. Relationships by way of Accounting Standard (AS-18) are disclosed in the Annual Report.
None of the managerial personnel are related to Mr. U. Kanoria.



NOTICE (Contd.)

III. OTHER INFORMATION

The last year and this year have been difficult for the textile industry due to several economic effects, which were beyond control of the management of the Company. Last year, the industry was hit by high inflation and abnormal appreciation of rupee against dollar, which has affected the overall manufacturing costs of the unit and lower realization of finished products. This year has been abnormal in terms of the turnover and profits of the Company due to the sub-prime crisis and global meltdown in the overall industry. The Tea division of the Company has seen a rise in the realization for the finished products, since last year and the good run is expected to continue, even this year. Detailed information is available in the Management & Discussion Analysis annexed to the Director's Report.

The Board of Directors has recommended the proposed resolution set out at Item No. 6 of this Notice for your approval by way of a Special Resolution.

Except Mr. U. Kanoria, none of the Director is concerned or interested in the proposed resolution. This explanatory statement along with the relevant resolution may be treated as an abstract of the terms of contract of appointment of managing Director to be disclosed to the members pursuant to Section 302 of the Companies Act, 1956.

Item No. 7

Your Company has changed the Registrar & Transfer Agents of the Company and has appointed CB Management Services (P) Ltd in place of MCS Ltd with effect from 1st of August, 2009 and as such all the relevant registers relating to members and transfers, etc will be kept at their office, which requires the consent of the members u/s 163(1) of the Companies Act, 1956.

Accordingly, your Directors recommend the resolution set out in Item No. 7 of the convening Notice for your approval. None of the Directors is in any way concerned or interested in the aforesaid resolution.

Item No. 8

As the members are aware, the main business of your Company is manufacturing of tea and textile, which requires high financial resources from time to time. Your Board has been meeting the requirements through borrowings from banks/ Financial Institutions and requisite funding from Promoter Group from time to time. Considering the funding needs and current market conditions, in order to augment the resources available to the Company, it is also proposed to offer, issue and allot, Foreign Currency Convertible Bonds (FCCBs), and/or other equity linked securities and/or securities convertible into equity shares, at a later date, and/or Global Depository Receipts (GDRs) and /or American Depository Receipts (ADRs) and /or Qualified Institutions Placement (QIP), up to a sum not exceeding US\$5 Million (approximately Rs.25 Crores at the current rate of exchange).

In terms of the requirement of Section 81(1A) of the Companies Act, 1956, the above offer for issue of FCCBs or similar securities with conversion option for converting the said Bonds into equity shares would require your consent and approval.

Accordingly, your Directors recommend the resolution set out in Item No. 8 of the convening notice for your approval. None of the Directors of the company is, in any way, concerned or interested in the resolution except in the capacity of the shareholder(s) of the Company.

By Order of the Board
for KANCO ENTERPRISES LIMITED

R. MUNDHRA
Company Secretary

Kolkata, the 9th day of May, 2009

**KANCO ENTERPRISES LIMITED****DIRECTORS' REPORT**

Dear Shareholders,

Your Directors present their Eighteenth Annual Report and Audited Accounts for the year ended 31st March, 2009.

FINANCIALS

Your Company's financial performance was as follows :

	2008-2009	2007-2008
	(Rs. in lacs)	(Rs. in lacs)
Profit Before Interest, Depreciation and Tax	(3.23)	471.45
Less : Interest	614.89	593.01
Gross Profit for the year	(618.12)	(121.56)
Less : Depreciation	625.00	647.64
Profit Before Tax	(1,243.12)	(769.20)
Less : Provision for -		
Net Current Tax	0.84	0.22
Fringe Benefit Tax	5.50	8.63
Taxation for Earlier Years	— 6.34	0.53 9.38
Add/Less : Deferred Tax	430.22	230.44
Add/Less : MAT Credit Entitlement	— 430.22	— 230.44
Profit/(Loss) After Taxation	(819.24)	(548.14)
Balance Brought Forward from Last Account	(585.77)	(37.63)
Balance Carried to Balance Sheet	(1,405.01)	(585.77)

DIVIDEND

In view of loss, the Directors do not recommend any dividend for the year under review.

OPERATIONS

Your Company has achieved a turnover of Rs.9393.61 Lakhs for the financial year as against Rs.10038.15 Lakhs last year. Whilst North Indian Tea prices remained buoyant, there was no significant improvement in yarn prices. Your Company has made good progress in creating a niche market for its tea. During the year, exports of the Company's textile unit were adversely affected mainly due to higher input costs, particularly raw material, power costs & interest costs and low demand due to global recession. However, the textile division of the Company is also showing signs of recovery. An increase in demand and efforts by your management are expected to produce improved results in the near future.

Tea Division

Last year witnessed a strong demand for tea in the market and as such prices were buoyant. In line with the industry, your Company's tea division also benefited from the improved prices and better quality of tea produced by it. In spite of loss of crop, the division reported better results due to improved average realization.

During the current year, the market is buoyant and tea prices have scaled new highs. The year shows a drop in production in all tea producing countries. North India too has experienced a drought. This has resulted in a shortage of supply, resulting in escalation of prices. With steps being taken to augment the availability of labour, better field practices, a buoyant market and firm prices, the outlook for the division looks favourable.