

Hargaon Investment & Trading Company Limited

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of Hargaon Investment & Trading Company Limited will be held on Monday, 17th September, 2012 at 1.00 P.M. at 9/1, R. N. Mukherjee Road, Kolkata-700 001 to transact the following business :

1. To consider and adopt the Audited Statement of Profit & Loss for the year ended 31st March, 2012, the Balance Sheet of the Company as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Chandra Shekhar Nopany who retires by rotation and being eligible, offers himself, for re-appointment.
3. To appoint Auditors and to fix their remuneration.

9/1, R. N. Mukherjee Road,
Kolkata – 700 001.
Dated : 21st June, 2012

By Order of the Board
Kailash Chand Gupta
Director

NOTE : A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

Hargaon Investment & Trading Company Limited

Directors' Report

To

The Shareholders,

Your Directors have pleasure in presenting their Report and the audited Accounts of the Company for the year ended 31st March, 2012.

- | | Rs. |
|--|-------------|
| 2. Financial Results : | |
| The Statement of Profit & Loss shows a profit of | 1,19,92,863 |
| To which is added Balance brought forward from the previous year | 5,60,89,035 |
| Making a total of | 6,80,81,898 |
|
 | |
| Out of this provisions has been made for | |
| Taxation | 8,467 |
| Standard Assets | 4,76,000 |
| Reserve Fund | 23,01,700 |
| Balance to be carried forward | 27,86,167 |
| | 6,52,95,731 |
3. **Dividend :**
Your Directors have not recommended any dividend.
 4. **Directors :**
Shri Chandra Shekhar Nopany retires from the Board by rotation and being eligible offers himself for re-appointment.
 5. **Auditors :**
The Auditors, Messrs R. L. Agarwalla & Co., Chartered Accountants, retire and are eligible for re-appointment.
 6. **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo :**
As the Company has no manufacturing activity, it is not required to furnish any information with regard to conservation of energy. There is no information to furnish with regard to technology absorption. During the year, no foreign exchange was earned or used by the Company.
 7. **Particulars of Employees :**
The provisions of Section 217(2A) of the Companies Act, 1956 are not applicable to the Company as there is no employee.

Hargaon Investment & Trading Company Limited

Directors' Report (Contd.)

8. Directors' Responsibility Statement

Your Directors confirm that –

- i) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- ii) they have 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 at the end of the financial year and of the profit of the Company for that year ;
- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv) they have prepared the annual accounts on a going concern basis.

9. Auditors Report :

The notes to the Accounts referred to in the Auditors Report are self-explanatory.

10. Compliance Certificate :

A Copy of the Compliance Certificate from Messrs D. Raut & Associates, Company Secretaries, as required under Section 383A of the Companies Act, 1956 is attached and forms a part of this Report.

11. Subsidiary Company :

The audited accounts of Hargaon Properties Ltd., a subsidiary of the Company, for the year ended 31st March, 2012 are attached as required under Section 212 of the Companies Act, 1956.

9/1, R. N. Mukherjee Road,
Kolkata-700 001.

Dated : 21st June, 2012

CHANDRA SHEKHAR NOPANY *Chairman*
K. C. GUPTA *Director*

Statement Pursuant to Section 212 of the Companies Act, 1956

As on 31st March, 2012 - 55.56% of the subscribed share capital of Hargaon Properties Ltd. was held by the Company.

The net amount of the Profit / (Loss) of the subsidiary company for the last as well as the previous year, which concerns the members of the Company but have not been dealt with in or for the purposes of the accounts of the Company amounts to (Rs. 14,602) and (Rs. 7,868).

9/1, R. N. Mukherjee Road,
Kolkata-700 001.

Dated : 21st June, 2012

CHANDRA SHEKHAR NOPANY *Chairman*
K. C. GUPTA *Director*

Hargaon Investment & Trading Company Limited

Compliance Certificate

Nominal Capital : Rs. 5,00,00,000/-

Registration No. : 21-041679

To

The Members,

We have examined the registers, records, books and papers of Hargaon Investment & Trading Company Limited (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2012. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder.
3. The Company, being a Public Limited Company, Clause 3 is not applicable.
4. The Board of Directors duly met 6 (Six) times respectively on 25th April, 2011, 13th June, 2011, 30th September, 2011, 23rd December, 2011, 8th February, 2012 and 5th March, 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members during the financial year, since it is not listed with any stock exchange.
6. The Annual General Meeting for the financial year ended on 31st March, 2011 was held on 22nd August, 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. One Extra Ordinary General Meeting was held during the year on 5th March, 2012, after giving due notices to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

Hargaon Investment & Trading Company Limited

Compliance Certificate (Contd.)

8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there was no instance falling within the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate Share Certificates during the financial year.
13. The Company has :
 - a. duly delivered the certificates on transfer of Shares, but has not made any allotment of Shares.
 - b. not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - c. was not required to post warrants to member of the Company as no dividend was declared during the financial year.
 - d. no amount in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon and as such it was not required to transfer any amount to Investor Education and Protection Fund.
 - e. has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. Change in Designation of Shri Bajj Nath Bansal from Additional Director to Director on 22-08-2011.
15. The Company has not appointed any Managing Director / Whole-time Director / Manager during the financial year, as there was no need to do so.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial year.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.

Hargaon Investment & Trading Company Limited

Compliance Certificate (Contd.)

19. The Company has not issued any securities during the financial year.
20. The Company has not bought back any Shares during the financial year.
21. There was no redemption of preference Shares or debentures during the financial year, as the Company has not issued any preference shares or debentures.
22. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of Shares.
23. The Company has not invited / accepted any deposits under Section 58A of the Act during the financial year.
24. The Company has made borrowing during the financial year.
25. The Company has made loans and investments, or given guarantees or provided Securities to other Body Corporate in compliance with the Provision of the Act has made necessary entries in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to the situation of the Company's registered office during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. Since the Company has no employees, the provision of EPF & Miscellaneous Provisions Act, 1952 are not applicable; consequently it was not required to deduct any contribution towards Provident Fund during the Financial Year.

It is stated that the compliance of all the applicable provisions of the Companies Act, 1956 is the responsibility of the management. Our examination, on a test-check basis, was limited to procedures followed by the Company for ensuring the compliance with the said provisions. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the Company. Moreover, we have not covered any matter related to any other law which may be applicable to the Company except the Companies Act, 1956.

Hargaon Investment & Trading Company Limited

Compliance Certificate (Contd.)

ANNEXURE 'A'

Registers/Records as maintained by the Company

1. Register of Investment u/s 49(7).
2. Register of Transfer u/s 108/111.
3. Register of Members u/s 150.
4. Minutes Book of Board Meetings u/s 193.
5. Minutes Book of General Meetings u/s 193.
6. Books of Accounts u/s 209.
7. Register of Notice of Interest given by the Directors u/s 299.
8. Register of Contracts, Companies and firms in which Directors are interested u/s 301.
9. Registers of Directors, Managing Director, Manager and Secretary u/s 303.
10. Register of Directors Shareholding u/s 307.
11. Register of Loans & Investments u/s 372A.
12. Register of Charges u/s 143.
13. Application for and allotment of Shares.
14. Copies of Annual Return u/s 163.

ANNEXURE 'B'

Forms as filed by the Company with Registrar of Companies (ROC), Regional Director, Central Government or other authorities during the financial year ended on 31st March, 2012.

Sl. No.	Form No./Return	Filed U/s.	For the period	Date of Filing	Whether filed within the Prescribed Time Yes/No	If delay in filing whether additional Fees have been paid
1.	Form 23AC & Form 23ACA relate to Balance Sheet & Profit & Loss Account	220(1)	For the FY ending on 31st March, 2011	29-09-2011	Yes	NA
2.	Form 66 relate to Compliance Certificate	383A	For the FY ending on 31st March, 2011	24-08-2011	Yes	NA
3.	Form 20B relate to Annual Returns	159(1)	For AGM held on 22-08-2011	01-11-2011	Yes	NA
4.	Form 32 relate to appointment/resignation of Directors	303	For Change in Designation	20-09-2011	Yes	NA

Commerce House
7th Floor, Room No.10
2A, Ganesh Chandra Avenue
Kolkata - 700 013
Dated : the 21st day of June, 2012

For D. RAUT & ASSOCIATES
(Company Secretaries)

Name of the Company Secretary : DEBENDRA RAUT
(Proprietor)
: 5232

Hargaon Investment & Trading Company Limited

Auditors' Report to the Members

1. We have audited the attached Balance Sheet of **Hargaon Investment & Trading Company Limited** as at 31st March, 2012, the statement of Profit & Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 & 5 of the said Order.
4. Further we report that :-
 - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion, proper books of account as required by the laws have been kept by the Company, so far as appears from our examination of those books ;
 - iii) The Balance Sheet and the statement of Profit & Loss dealt with by this report, are in agreement with the books of account as submitted to us ;
 - iv) In our opinion, the Balance Sheet and statement of Profit & Loss dealt with by this report comply with the Accounting Standards referred to in sub-Section (3C) of Section 211 of the Companies Act, 1956 ;
 - v) On the basis of written representations received from the Directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2012 from being appointed as a Director in term of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956 ;
 - vi) Without qualifying our audit opinion, attention is drawn to Note No. 18 to financial statements regarding non-provision in respect of diminution in the value of certain quoted investments aggregating to Rs. 256.32 lacs as the same in the opinion of the management is not permanent in nature. However, we are unable to express any opinion on the above and their consequent impact, if any, on the Company's profit/reserves, is not presently ascertainable.

In our opinion and to the best of our information and according to the explanations given to us, the said statements of account give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principals generally accepted in India :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 ; and
 - b. in the case of the statement of Profit & Loss, of the profit for the year ended on that date.
 - c. in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

7, Rabindra Sarani,
Kolkata - 700 001
Dated, the 21st June, 2012

For R. L. AGARWALLA & CO.
Chartered Accountants
Firm Registration No. 312053E
(R. L. AGARWALLA)
Proprietor
Membership No. 50516

Hargaon Investment & Trading Company Limited

Annexure referred to in Paragraph 3 of our Report of even date

- (i) The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation thereof. Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. There was no substantial disposal of fixed assets during the year.
- (ii) The Company has no manufacturing and or trading activities and as such the question of having any stock and maintenance of records in respect thereof and physical verification of inventory does not arise.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except to Holding Company and hence the requirement of sub clauses (b) to (d) of clause (iii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
(b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except from the Holding Company and hence the requirement of sub clauses (f) & (g) of Clause (iii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (iv) The Company has not purchased any goods and fixed assets and also there is no sale of goods and services during the year and as such the question of having any internal control system with regard to purchase of inventory, fixed assets and sale of goods does not arise.
- (v) There was no transaction which was required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Internal Audit was conducted by a service company and in our opinion the internal audit system was commensurate with the size of the Company and the nature of its business.
- (viii) The Company is not required to maintain any cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix) The Company is regular in depositing undisputed statutory dues with the appropriate authorities, as applicable. As the Company has no employee and no manufacturing and or trading activities are carried on by the Company, the questions of payment of Provident Fund, Employees' State Insurance, Sales Tax, Custom Duty, Excise Duty, Service Tax, Cess etc. does not arise. According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were outstanding as on 31st March, 2012 for the period of more than six months from the date they become payable. There are no dues outstanding in respect of statutory dues on account of any dispute.

Hargaon Investment & Trading Company Limited

Annexure referred to in Paragraph 3 of our Report of even date (Contd.)

- (x) The Company has no accumulated loss at the end of financial year and it has not incurred any cash loss in the current and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not taken any loan from financial institution, bank or debenture holders, as such, the question of any default does not arise.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities hence maintenance of records in respect thereof does not arise.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
- (xiv) In respect of dealing in shares, securities, debentures and other investments, in our opinion and according to the information and explanations given to us, proper records have been maintained of the transactions and contracts and timely entries have been made therein. The shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) As informed, the Company has not given any guarantee for loans taken by others from bank and financial institutions.
- (xvi) The Company has not taken any term loan from any financial institution or bank. The Company does not have any borrowing by way of debentures.
- (xvii) We have been informed by the management that funds raised on short term basis were not utilized for long term purpose.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

7, Rabindra Sarani,
Kolkata - 700 001
Dated, the 21st June, 2012

For R.L.AGARWALLA & CO.
Chartered Accountants
Firm Registration No. 312053E
(R. L. AGARWALLA)
Proprietor
Membership No. 50516

Hargaon Investment & Trading Company Limited

BALANCE SHEET AS AT 31ST MARCH, 2012

	Notes	As at 31st March, 2012 Rs.	As at 31st March, 2011 Rs.
I. EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	3,04,57,270	3,04,57,270
Reserves & Surplus	4	12,90,20,641	11,75,12,245
Non Current Liabilities			
Long term borrowings	5	1,78,10,000	2,58,10,000
Current Liabilities			
Short term borrowings	6	19,00,00,000	—
Other current liabilities	7	88,57,315	1,19,48,000
Short term provisions	8	4,77,000	1,000
Total		37,66,22,226	18,57,28,515
II. ASSETS			
Non Current Assets			
Fixed Assets			
(i) Tangible Assets	9	29,35,653	29,35,653
Non Current Investments	10	18,26,91,208	18,26,91,208
Current Assets			
Cash and Bank balances	11	22,119	21,654
Short term loans and advances	12	19,01,84,204	80,000
Other current assets	13	7,89,042	—
Total		37,66,22,226	18,57,28,515

Notes Summary of significant accounting policies

2

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date.

For R. L. AGARWALLA & CO.

Chartered Accountants

Firm Registration No. 312053E

(R. L. AGARWALLA)

7, Rabindra Sarani,
Kolkata - 700 001

Proprietor

Dated, 21st June, 2012

Membership No. 50516

CHANDRA SHEKHAR NOPANY

Chairman

K. C. GUPTA

Director

Hargaon Investment & Trading Company Limited

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Notes	For the year ended	
		2011-12 Rs.	2010-11 Rs.
I. INCOME			
Revenue from Operations (Net)	14	1,29,81,431	53,88,907
Other Income	15	—	200
Total Revenue		1,29,81,431	53,89,107
II. Expenses			
Other Expenses	16	6,14,397	1,25,638
Total Expenses		6,14,397	1,25,638
Earnings before Interest, Depreciation & amortisation and Tax (I-II)			
		1,23,67,034	52,63,469
Finance Cost	17	8,50,171	3,514
Profit / (Loss) before Tax		1,15,16,863	52,59,955
Tax Expenses			
Current Tax		8,467	51,000
Total Tax Expense		8,467	51,000
Profit/(Loss) for the year		1,15,08,396	52,08,955
Earnings per Equity Shares of Face Value of Rs. 10/- each			
Basic & Diluted (Rs.)		3.78	1.71

Summary of significant accounting policies 2

The accompanying notes are an integral part of the financial statements

In terms of our attached report of even date.

For R. L. AGARWALLA & CO.

Chartered Accountants

Firm Registration No. 312053E

(R. L. AGARWALLA)

7, Rabindra Sarani,
Kolkata - 700 001

Proprietor

Dated, 21st June, 2012

Membership No. 50516

CHANDRA SHEKHAR NOPANY

Chairman

K. C. GUPTA

Director

Hargaon Investment & Trading Company Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(All Figures in Rs.)		
	<u>2011-12</u>	<u>2010-11</u>
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Profit / (Loss) before tax	1,15,16,863	52,63,469
Adjustment for :		
Depreciation	—	—
Dividend & Interest Income	1,29,81,431	53,88,907
Operating profit/(loss) before working capital changes	<u>(14,64,568)</u>	<u>(1,25,438)</u>
Adjustment for :		
Decrease/(Increase) in Trade & Other receivables	(7,89,042)	(54,959)
Increase/(Decrease) in Provisions	4,76,000	52,000
Increase/(Decrease) in Current Liabilities	(1,10,90,685)	—
Cash generated from the Operation	<u>(1,28,68,295)</u>	<u>(1,28,397)</u>
Direct Taxes Paid (Net of refunds)	(8,467)	(51,000)
Net Cash from Operating Activities (A)	<u>(1,28,76,762)</u>	<u>(1,79,397)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of fixed assets	—	—
Sale of Investments	—	50,00,000
Dividend Received	—	52,24,318
Interest Received	1,29,81,431	1,64,589
Net Cash from Investing Activities (B)	<u>1,29,81,431</u>	<u>1,03,88,907</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Loan (Net)	(1,04,204)	(1,02,16,007)
Net Cash From Financing Activities (C)	<u>(1,04,204)</u>	<u>(1,02,16,007)</u>
Net changes in Cash and Cash equivalents (A+B+C)	<u>465</u>	<u>(6,497)</u>
Cash and Cash Equivalents - Opening Balance*	21,654	28,151
Cash and Cash Equivalents - Closing Balance*	22,119	21,654
*Represents Cash & Bank Balances as indicated in Note 10		

For R. L. AGARWALLA & CO.
Chartered Accountants
Firm Registration No. 312053E

7, Rabindra Sarani,
Kolkata - 700 001
Dated, 21st June, 2012

(R. L. AGARWALLA)
Proprietor
Membership No. 50516

CHANDRA SHEKHAR NOPANY *Chairman*
K. C. GUPTA *Director*

Hargaon Investment & Trading Company Limited

Notes to Financial Statements for the year ended 31st March, 2012

1. Corporate Information

Hargaon Investment & Trading Company Limited is primarily a NBFC Company under registered with RBI. It is engaged in Investments of its funds in shares, debentures, bonds etc of joint stock companies, Bonds etc of different mutual fund schemes and intercorporate/other deposit with Indian Companies and Nationalised banks etc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements have been prepared to comply in all material aspects with the Accounting Standards notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year, except for the change in accounting policy explained below.

b. Change in Accounting Policy

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

c. Revenue Recognition Policy

- (i) Interest Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest Income is included under the head 'Operating Income' in the Profit & Loss Account.
- (ii) Dividend Income is recognized when the shareholders' right to receive payment is established by the balance sheet date. The Income is included under the head 'Other Operating Income' in the Profit & Loss Account.
- (iii) Profit & Loss from trading or sale of Investment is reflected as and when any transaction takes place.

Hargaon Investment & Trading Company Limited

Notes to Financial Statements for the year ended 31st March, 2012 (Contd.)

d. Investment

Long Term Investments are considered at cost on individual basis, unless there is permanent decline in value thereof, in which case adequate provision is made against the diminution in the value of Investments.

e. Items of Income and Expenditure are recognised on accrual basis.

f. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profits for the year is accounted for using the tax rates and laws that have been substantially enacted as of the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

g. Earning per Share

Basic earning per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted number of equity shares outstanding during the period.

For the purpose of calculating diluted earning per share, net profit or loss for the period attributable to equity share holders and the weighted average no. of shares outstanding during the period, are adjusted for the effect of all dilutive potential equity shares.

h. Cash and Cash equivalents

Cash and cash equivalents in the balance sheet comprise of cash at bank and on hand and short-term deposit with an original maturity of three months or less.

Hargaon Investment & Trading Company Limited

Notes to Financial Statements for the year ended 31st March, 2012 (Contd.)

		<u>For the year ended</u>	
		<u>31st March, 2012</u>	<u>31st March, 2011</u>
		<u>Rs.</u>	<u>Rs.</u>
3.	Share Capital		
	(a) Authorised Shares		
	49,90,000 Equity Shares of Rs. 10 each	4,99,00,000	4,99,00,000
	10,000 Preference Shares of Rs. 10 each	1,00,000	1,00,000
		<u>5,00,00,000</u>	<u>5,00,00,000</u>
	(b) Issued, subscribed and fully paid-up Shares :		
	30,45,733 Equity Shares of Rs. 10/- each	3,04,57,330	3,04,57,330
	30,45,727 Equity Shares of Rs. 10/- each fully paid up in cash	3,04,57,270	3,04,57,270
		<u>3,04,57,270</u>	<u>3,04,57,270</u>

(c) **Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

	<u>31-03-2012</u>		<u>31-03-2011</u>	
	<u>No.</u>	<u>Rs.</u>	<u>No.</u>	<u>Rs.</u>
Equity Shares				
At the beginning of the Period	30,45,727	3,04,57,270	30,45,727	3,04,57,270
Add : Issued during the period	—	—	—	—
Outstanding at the end of the Period	<u>30,45,727</u>	<u>3,04,57,270</u>	<u>30,45,727</u>	<u>3,04,57,270</u>

(d) **Terms/rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian Rupees.

For the year ended 31st March, 2012, the Board of Directors has not proposed any dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution to equity shareholders will be in proportion to the amount paid up or credited as paid up.

(e) **Details of shareholders holding more than 5% shares in the Company**

Equity Shares of Rs. 10 each fully paid

	<u>31-03-2012</u>		<u>31-03-2011</u>	
	<u>No.</u>	<u>% holding</u>	<u>No.</u>	<u>% holding</u>
The Oudh Sugar Mills Limited	30,45,727	100%	30,45,727	100%

Hargaon Investment & Trading Company Limited

Notes to Financial Statements for the year ended 31st March, 2012 (Contd.)

	For the year ended	
	31st March, 2012 Rs.	31st March, 2011 Rs.
4. Reserve & Surplus		
Shares Premium Account		
As per last Account	3,04,57,210	3,04,57,210
General Reserve		
As per last Account	1,24,50,000	1,24,50,000
Reserve Fund		
As per last Account	1,85,16,000	1,74,73,000
Add : Transfer from Statement of Profit & Loss	23,01,700	10,43,000
	2,08,17,700	1,85,16,000
Surplus/(Deficit) in the Statement of Profit & Loss		
Balance as per last financial statements	5,60,89,035	5,19,23,080
Profit / (Loss) for the year	1,15,08,396	52,08,955
Less : Appropriations	6,75,97,431	5,71,32,035
Transfer to Reserve Fund	23,01,700	10,43,000
Net Surplus/(Deficit) in the Statement of Profit and Loss	6,52,95,731	5,60,89,035
Total Reserves and Surplus	12,90,20,641	11,75,12,245

	<u>Current</u>	<u>Non-Current</u>	<u>Current</u>	<u>Non-Current</u>
5. Non-Current Liabilities				
Long-term borrowings (Unsecured)				
The Oudh Sugar Mills Limited (the Holding Company) (Interest free)	80,00,000	1,78,10,000	1,19,40,000	2,58,10,000
	80,00,000	1,78,10,000	1,19,40,000	2,58,10,000

The Loan from the Holding Company is Interest free and is payable after one year. Out of the total balance amount, Rs. 80 lacs is payable in the next one year.

Hargaon Investment & Trading Company Limited

Notes to Financial Statements for the year ended 31st March, 2012 (Contd.)

	31st March, 2012 Rs.	31st March, 2011 Rs.
6. Current Liabilities		
Short-term borrowings (Unsecured)		
SIL Investment Limited	19,00,00,000	—
	19,00,00,000	—
The Loan from the SIL Investment Limited carries interest @ 15.50% p.a. The loan is repayable on demand.		
7. Other Current Liabilities		
Current Maturities of Long Term Debt	80,00,000	1,19,40,000
TDS Payable	84,931	—
Accrued Interest	7,64,384	—
Audit Fees	8,000	8,000
	88,57,315	1,19,48,000
8. Short Term Provisions		
Contingent Provision for Standard Assets	4,77,000	1,000
	4,77,000	1,000

9. Tangible Assets	Cost or Valuation	Freehold Land	Others	Total
At 1st April, 2010		29,35,653	—	29,35,653
Additions	—	—	—	—
Disposal	—	—	—	—
At 31st March, 2011		29,35,653	—	29,35,653
Additions	—	—	—	—
Disposal	—	—	—	—
At 31st March, 2012		29,35,653	—	29,35,653
Depreciation				
At 1st April, 2010		—	—	—
Charge for the year	—	—	—	—
Disposal	—	—	—	—
At 31st March, 2011		—	—	—
Additions	—	—	—	—
Charge for the year	—	—	—	—
At 31st March, 2012		—	—	—
Net Block at 31st March, 2011		29,35,653	—	29,35,653
At 31st March, 2012		29,35,653	—	29,35,653

Hargaon Investment & Trading Company Limited

Notes to Financial Statements for the year ended 31st March, 2012 (Contd.)

	For the year ended	
	31st March, 2012	31st March, 2011
	Rs.	Rs.
16. Other Expenses		
Rates & Taxes	7,300	7,300
Payment to Auditors		
Audit Fee	8,000	8,000
In other capacity for certificates & other services	13,000	3,750
Bank Charges	675	1,550
Professional and Consultancy Fees	3,050	3,600
Service Charges	77,210	60,665
Directors Sitting Fees	3,000	1,800
Depository Charges	18,551	33,170
Printing & Stationery	2,900	2,550
Miscellaneous Expenses	1,711	253
Filing Fees	3,000	2,000
Provision for Standard Assets	4,76,000	1,000
	6,14,397	1,25,638
17. Finance Cost		
Interest to Income tax Department	856	3,514
Interest on loans	8,49,315	—
	8,50,171	3,514

Hargaon Investment & Trading Company Limited

Notes to Financial Statements for the year ended 31st March, 2012 (Contd.)

18. No Provision has been made in respect of diminution in the value of certain quoted investments aggregating to Rs. 256.32 lacs as the same, in the opinion of the management is not permanent in nature. However, there is no diminution in the overall market value of investments.
19. **Earning per Share (EPS)**
The following reflects the profit / (loss) and share data used in basic and diluted EPS computations :

	31st March, 2012	31st March, 2011
	Rs.	Rs.
Total operations for the year		
Profit / (Loss) after tax	1,15,08,396	52,08,955
Less : Dividends on Preference Shares and Tax thereon	—	—
Net profit / (loss) for calculation of basic / diluted EPS	1,15,08,396	52,08,955
	Nos.	Nos.
Weighted average number of equity shares in calculating basic EPS	30,45,727	30,45,727
Effect of dilution	—	—
Weighted average number of equity shares in calculating diluted EPS	30,45,727	30,45,727
Earning per Share (Rs.)	3.78	1.71

20. Names of related parties and description of relationships

The Oudh Sugar Mills Limited | Holding Company

Name	Op. Balance	Movement During the year	Closing Balance
Loan Taken	3,77,50,000	1,19,40,000 (Principal Paid)	2,58,10,000
Loan given - Current	19,00,00,000	8,76,713 (Interest Recd)	19,00,00,000

21. Revenue from Operation include Rs. 8,76,713/- representing Interest on Loan extended, against which company has paid Rs. 8,49,315/-, which has been shown in finance cost.
22. Contingent Liability not provided for in respect of uncalled capital on partly paid shares held as Investments of Rs. 43,60,352/- (Previous Year Rs. 43,60,352/-)
23. Previous years' figures have been regrouped and/or rearranged, wherever necessary.

In terms of our attached report of even date.

For R. L. AGARWALLA & CO.

Chartered Accountants

Firm Registration No. 312053E

(R. L. AGARWALLA)

7, Rabindra Sarani,
Kolkata - 700 001

Proprietor

Dated, 21st June, 2012

Membership No. 50516

CHANDRA SHEKHAR NOPANY *Chairman*

K. C. GUPTA *Director*

Hargaon Investment & Trading Company Limited

Schedule to the Balance Sheet of a Non-Banking Financial Company

(As required in terms of paragraph 13 of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 2007)

<u>PARTICULARS</u>	<u>Amount Outstanding</u>	<u>(Rs. in lacs) Amount Overdue</u>
	(As on 31-03-2012)	(As on 31-03-2012)
<u>Liabilities Side :</u>		
1. Loans and Advances availed by the NBFC's inclusive of interest accrued thereon but not paid :		
(a) Debentures : Secured	Nil	Nil
Unsecured	Nil	Nil
(Other than falling within the meaning of Public Deposits)		
(b) Deferred Credits	Nil	Nil
(c) Term Loans	Nil	Nil
(d) Inter-Corporate Loans and Borrowings	Nil	Nil
(e) Commercial Paper	Nil	Nil
(f) Other Loans (Unsecured)	2158.10	Nil
<u>Assets Side :</u>		
2. Break-up of Loans and Advances including Bills receivables (other than those included in (3) below)		
(a) Secured		Nil
(b) Unsecured		1901.05
3. Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities		
i) Lease Assets including lease rentals under sundry debtors :		
(a) Financial Lease		Nil
(b) Operating Lease		Nil
ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on Hire		Nil
(b) Repossessed Assets		Nil
iii) Other Loans counting towards AFC activities :		
(a) Loans where assets have been repossessed		Nil
(b) Loans other than (a) above		Nil

Hargaon Investment & Trading Company Limited

Schedule to the Balance Sheet of a Non-Banking Financial Company (Contd.)

<u>Assets Side (Contd.)</u>	<u>(Rs. in lacs) Amount outstanding</u>
4. Break-up of Investments :	
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
2. Unquoted :	
(i) Shares : (a) Equity	Nil
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil
Long Term Investments :	
1. Quoted :	
(i) Shares : (a) Equity	1165.52
(b) Preference	Nil
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (Please specify)	Nil
2. Unquoted	
(i) Shares : (a) Equity	411.39
(b) Preference	250.00
(ii) Debentures and Bonds	Nil
(iii) Units of Mutual Funds	Nil
(iv) Government Securities	Nil
(v) Others (please specify)	Nil

Hargaon Investment & Trading Company Limited

Schedule to the Balance Sheet of a Non-Banking Financial Company (Contd.)

**5. Borrower group-wise classification of Assets
financed as in (2) and (3) above :**

Category	(Rs. in lacs)		
	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	Nil	0.55	0.55
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	1900	1900
2. Other than related parties	Nil	0.50	0.50
Total :	Nil	1901.05	1901.05

**6. Investor group-wise classification of all Investments
(current and long term) in shares and securities
(both quoted and unquoted) :**

Category	Market Value/ Break-up or Fair value or NAV	Book Value (Net of Provisions)
1. Related Parties		
(a) Subsidiaries	26.13	25.00
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	3635.55	1801.91
Total :	3661.68	1826.91

7. Other Information

Particulars	Amount
i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	Nil
iii) Assets acquired in satisfaction of debt	Nil

CHANDRA SHEKHAR NOPANY *Chairman*
K. C. GUPTA *Director*