

## ALLIANCE COFFEE LIMITED

### NOTICE

NOTICE is hereby given that the 5<sup>th</sup> Annual General Meeting of the Company will be held at the Registered Office of the Company at 'Beeyu House', 64A, Ballygunge Circular Road, Kolkata - 700 019, on Monday, the 21<sup>st</sup> June, 2010 at 10.00 A.M to transact the following business :-

- 1) To receive, consider and adopt the audited Profit & Loss Account of the Company for the year ended 31<sup>st</sup> March, 2010 and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
- 2) To declare dividend on equity shares.
- 3) To appoint a Director in place of Mr. M. D. Kumar who retires by rotation and being eligible, seeks reappointment.
- 4) To appoint auditors and to fix their remuneration.

### SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification, the following Resolutions:

- 5) As an Ordinary Resolution:

"RESOLVED that Mr. Hameed Hug be and is hereby appointed as Director of the Company liable to retire by rotation".

- 6) As a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198, 268, 269, 309, 311, 316, 317, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (the Act) including any statutory modification(s)/re-enactment(s) thereof for the time being in force, consent of the Company be and is hereby accorded to the re-appointment of and remuneration payable to Mr. Ravi Singh as the Dy. Managing Director of the Company for a period of two years with effect from 1<sup>st</sup> August, 2009 on the terms and conditions (including the remuneration to be paid in the event of absence or inadequacy of profits in any financial year) as set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors of the Company (the Board) to alter and vary the terms and conditions of the said re-appointment in such manner and to such extent as may be agreed to by the Board and Mr. Singh".

Kolkata  
5<sup>th</sup> May 2010

By Order of the Board


  
(Ravi Singh)  
Dy. Managing Director

**NOTES :**

- 1) A member entitled to attend and vote at the Meeting is also entitled to appoint a Proxy to attend and vote in his place. A proxy need not be a member of the Company. Proxies in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
- 2) Dividend, if declared at the Annual General Meeting will be paid within 30 days thereof to those members whose names appear on the Register of Members of the Company after giving effect to the valid transfers in respect of the shares lodged with the Company on or before the close of business hours on 19<sup>th</sup> June, 2010 or to their mandatees.
- 3) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business is annexed hereto.

Kolkata  
5<sup>th</sup> May, 2010

By Order of the Board

  
RAVI SINGH  
Dy. Managing Director

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES Act, 1956:**

**Item No.5**

Mr. Hameed Huq was appointed as an Additional Director on the Company's Board with effect from 3<sup>rd</sup> January, 2010. In terms of Section 260 of the Companies Act, 1956, Mr. Huq holds office up to the ensuing Annual General Meeting and is eligible for re-appointment. Notice under Section 257 of the Act along with requisite deposits has been received from a member signifying his / her intention to propose the candidature of Mr. Huq as Director retiring by rotation.

**Item No.6**

Mr. Ravi Singh was re-appointed as Dy. Managing Director of the Company by the Board of Directors ("the Board") for a period of two years with effect from 1<sup>st</sup> August, 2009.

Following are the main terms of the re-appointment of Mr. Singh.

1. Subject to superintendence, control and directions of the Board, Mr.Singh shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, in connection with and in the best interests of the business of the Company.
2. Period of appointment: 1<sup>st</sup> August, 2009 to 31<sup>st</sup> July, 2011.
3. **Salary** - within the scale of Rs.1,25,000/- to Rs.1,65,000/- per month with Annual increments effective from 1<sup>st</sup> April each year as may be decided by and at the discretion of the Board.
4. **Benefits, Perquisites and Allowances:**

In addition to the Salary referred to in (3) above, the Dy. Managing Director shall be entitled to the following:

	<u>Rs. (Per month)</u>
Uniform Allowance	5,000/-
Leave Travel Allowance	10,416/-
Children Education Allowance	6,000/-
Electricity and Maintenance	1,500/-
Reimbursement of Medical Expenses	2,000/-

Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity Fund as per the Rules of the Company.

5. **Incentive Remuneration:** Mr.Singh will be eligible to such sum as may be determined by the Remuneration Committee/Board at the end of each year based on his performance, which together with salary, perquisites and other allowances in the aggregate will not exceed the overall ceilings stipulated in Sections 198 & 309 of the Companies Act, 1956.
6. **Minimum Remuneration:** Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Dy. Managing Director, the Company has no profits or its profits are

inadequate, the Company will pay to the Dy. Managing Director remuneration by way of Salary, Benefits, Perquisites and Allowances as specified above.

7. The terms and conditions of the re-appointment of Mr. Singh as stated above can be altered or varied from time to time by the Board at its discretion, as so not to exceed the limits specified in Schedule XIII of the Act or any amendments made therein.
8. The Dy. Managing Director is appointed by virtue of his employment in the Company and the appointment is subject to the provisions of Sections 283 (1)(c) of the Act.
9. If at any time Mr. Singh ceases to be a Director of the Company for any reason whatsoever, he shall cease to be the Dy. Managing Director of the Company.
10. If at any time Mr. Singh ceases to be in the employment of the Company for any reason whatsoever, he shall cease to be a Director of the Company.

Since the profits are not adequate to accommodate payment of remuneration including minimum remuneration to Mr. Ravi Singh for the year ended 31<sup>st</sup> March, 2010, minimum remuneration is payable to Mr. Singh as per the provisions of Section 11 (1) (B) of Part II of Schedule XIII to the Companies Act, 1956, which requires approval of shareholders by way of special resolution.

Your Directors recommended the special resolution set out in Item no. 6 of the Notice convening the Meeting.

None of the Directors of the Company other than Mr. Singh is in anyway concerned or interested in the above appointment.

Kolkata  
5<sup>th</sup> May, 2010

By Order of the Board



RAVI SINGH  
Dy. Managing Director

## Annexure to the Notice

### I. General Information:

1. Name of Industry Sales & Marketing (Coffee)
2. Date or expected date of commencement of commercial production Not Applicable
3. In case of new companies, expected date of commencement of activities as per projects approved by financial institutions appearing in the prospectus Not Applicable
4. Financial performance based on given indicators The net profit after tax for last three years was as follows:

Year	Net Profit (In lacs Rs.)
2007-08	199.02
2008-09	247.78
2009-10	215.27

5. Export performance and net foreign exchange collaborations Not Applicable
6. Foreign Investments or Collaborators, if any: Nil

### II. Information about appointee:

1. Background details Mr.Ravi Singh is a graduate in commerce and has completed a Management course from Russia. He is 42 years of age and possesses vast experience of working in the Russian & CIS markets
2. Past remuneration For the year 2008-09  
Salary ..Rs.12.60 Lakhs  
Perquisites .. Rs. 3.41 Lakhs  
Contribution to PF, SA & other Funds .. Rs. 4.00 Lakhs
3. Recognition of Awards None
4. Job Profile and its suitability Mr.Singh was appointed as Dy.Managing Director subject to the superintendence, control and direction of Board of Directors and has been entrusted with substantial powers of management in respect of the whole of

the affairs of the Company. He has been associated with the business of the Company since inception. Considering his background and experience, he is eminently suitable to hold the position of Dy. Managing Director in the Company

- |  |   |
|--|---|
| 5. Remuneration proposed                                       | As Indicated in the item No.6 of Explanatory Statement to the Notice of the Annual General Meeting.   |
| 6. Comparative Remuneration with respect to Industry Standards | The proposed remuneration is in line with the remuneration payable to the managerial personnel holding similar stature/position in the Industry |
| 7. Any Pecuniary Relationship                                  | Besides remuneration, Mr.Ravi Singh and his family members and associates hold 49.00% shares of the Company                                     |

### III. Other Information:


- |  |   |
|--|---|
| 1. Reasons for loss or inadequate profit                             | The Company's profit for the year 2009-10 was not adequate for payment of minimum remuneration as approved by the Remuneration Committee and the Board at their meeting held on 16.07.2009  |
| 2. Steps taken/proposed to be taken for improvement                  | In the usual course of business and its cycles, profitability is expected to be restored to adequate levels. Your approval sought by way of special resolution as stipulated under the provisions of Section II (1) (B) of Part II of Schedule XIII to the Companies Act, 1956 for payment of minimum remuneration. |
| 3. Expected Increase in Productivity and profits in measurable terms |   |

### IV. Disclosures:

The remuneration details are given in the item no. 6 of Explanatory Statement annexed to the Notice.

Kolkata  
5<sup>th</sup> May, 2010

By Order of the Board

  
RAVI SINGH  
Dy. Managing Director

**ALLIANCE COFFEE LIMITED**  
**64A Ballygunge Circular Road, Kolkata – 700 019**

**Directors' Report**

Your Directors have pleasure in presenting their Fifth Annual Report and Audited Accounts for the year ended 31<sup>st</sup> March, 2010:

**Financial Results**

	<b>31<sup>st</sup> March, 2010 (Rs. In thousands)</b>	<b>31<sup>st</sup> March, 2009 (Rs. in thousands)</b>
<b>Income from operations and other Income</b>	<b>45883</b>	<b>49989</b>
Profit before Depreciation and Tax	33100	38306
Less : Depreciation	325	129
<b>Profit before Tax</b>	<b>32775</b>	<b>38177</b>
Income Tax	11249	13400
<b>Profit after Tax</b>	<b>21526</b>	<b>24777</b>
Balance brought forward	5089	21420
<b>Available for appropriation</b>	<b>26615</b>	<b>46197</b>
<b>This has been appropriated as follows :</b>		
Final (Proposed) Dividend	20890	20000
Interim Dividend	Nil	13000
Tax on Dividend	3470	5608
General Reserve	2152	2500
<b>Surplus carried to Balance Sheet</b>	<b>103</b>	<b>5089</b>

**Dividend**

Your Directors have recommended a final dividend of Rs. 417.80 per share for the year ended 31<sup>st</sup> March, 2010. This will absorb a sum of Rs.2,43,59,568/- Lakhs including Rs.34,69,568/- Lakhs by way of dividend tax.

**Operations**

The Company's gross earnings by way of commission income during the year under review was Rs 453.44 Lacs as against Rs. 491.95 Lacs during the previous year representing 7.83 % decrease. Profit before depreciation and taxation during the year under review was Rs 330.99 Lacs as against Rs. 383.06 Lacs during the previous year. After providing for depreciation and taxation, the net profit of the Company for the year under review was placed at Rs 215.27 Lacs as against Rs. 247.77 Lacs during the previous year.

**Particulars of Employees**

The Company had no employee of the category indicated under sub-section (2A) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars of Employees) Rules, 1975, as amended from time to time.

**Conservation of energy and technology absorption**

Your Company, being a trading company, does not own any manufacturing facility. Hence, the particulars in the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of Energy and Technology Absorption are not applicable.

### **Foreign exchange earnings and outgo**

There is no earning in foreign currency. Outgo by way of travell and other expenses amounted to Rs. 8.69 lacs.

### **Directors**

Mr. Hameed Huq was appointed as an Additional Director on the Company's Board with effect from 3<sup>rd</sup> January, 2010 and holds office up to the ensuing Annual General Meeting in terms of Article 80(a) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 (the Act). The Company has received notice from a member in terms of Section 257 of the Act signifying his / her intention to propose the appointment of Mr. Huq as Director at the forthcoming Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. M. D. Kumar, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

### **Directors' Responsibility Statement**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that :


- i) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2010, all applicable accounting standards have been followed and proper explanation relating to material departures, if any, have been furnished;
- 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 as at 31<sup>st</sup> March, 2010 and of the profit of the Company for the accounting year ended on that date;
- iii) Proper and sufficient care for maintenance of adequate accounting records has been taken in accordance with the provisions of the Act so as to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv) The annual accounts have been prepared on a going concern basis.

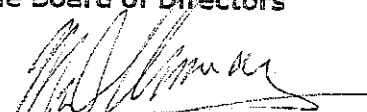
### **Auditors**

M/s. SNB Associates, Chartered Accountants, statutory auditors of the company retires at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

**For and on behalf of the Board of Directors**

Bangalore  
4<sup>th</sup> May 2010

  
(Ravi Singh)  
Dy. Managing Director

  
(M. D. Kumar)  
Director

# **SNB ASSOCIATES**

CHARTERED ACCOUNTANTS

12, 3rd Floor, Gemini Parsn Complex, 121 Mount Road, Chennai - 600 006.

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## **Auditors' Report To the members of Alliance Coffee limited**

1. We have audited the attached Balance Sheet of Alliance Coffee Limited as at March 31, 2010 and also the related Profit and Loss Account 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 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 mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (hereinafter referred to as 'the Order') as amended by the Companies (Auditors Report) Order, 2004 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 paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;



**SNB ASSOCIATES**

- v. On the basis of written representations received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Note No.5 regarding Managerial Remuneration to the Deputy Managing Director and other notes thereon, give the information required by the Companies Act, 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2010;
  - b. in the case of Profit and Loss Account, 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;

**For SNB ASSOCIATES**

Chartered Accountants

(Firm Registration No: 015682N)



**S.LAKSHMANAN**

Partner

Membership No: 20045



Place: Bangalore

Date: 4/05/2010

**Annexure to the Auditor's Report of Alliance Coffee Limited**

[Referred to in paragraph 3 of the Auditor's report of even date to the Members of Alliance Coffee Limited on the financial statements for the year ended March 31, 2010]

- i. a. The Company is maintaining proper records showing full particulars, including quantitative details and the situation of its fixed assets;
- b. Fixed assets have been physically verified by the management during the year and no discrepancies have been noticed on such verification
- ii. a. The company is a marketing company involved in marketing of Instant Coffee produced by its clients. It is not engaged in any sale or purchase of goods or merchandise directly and does not maintain any inventory.
- iii. In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to/from the companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations provided to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for sale of services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. (a) In our opinion, and according to the information and explanations given to us, the particulars of contracts or arrangements, referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.  
  
(b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts and arrangements exceeding Rs. 5 lakhs in respect of any party have not been made during the year.
- vi. The Company has not accepted any deposits from the public;
- vii. In our opinion, the company has a system of internal audit, which commensurate with the size and nature of its business.
- viii. In our opinion and according to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records for any of the products of the Company under section 209 (1) (d) of the Companies Act, 1956;



## SNB ASSOCIATES

- ix (a) As per the records of the company and information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of provident fund, investor education & protection fund, employees state insurance, income-tax, service tax, and other applicable statutory dues. No undisputed amount was outstanding as at 31<sup>st</sup> March 2010 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 the records of the company examined by us, there were no dues of income tax, wealth tax, service tax which have not been deposited on account of any dispute.
- x. The Company has neither accumulated losses at the end of the financial year nor incurred cash losses during the year and in the immediately preceding financial year;
- xi. Based on our audit procedures and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any financial institution, bank or debenture holders;
- xii. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii. The Company is not a chit/nidhi/mutual benefit fund/society.
- xiv. The Company is investing in securities, and proper records have been maintained of the transactions and timely entries have been made therein and the securities, and other investments have been held by the Company in its own name.
- xv. On the basis of the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions;
- xvi. During the year, the company has not availed any term loan.
- xvii. On the basis of our examination of the books of account and the information and explanation given to us, in our opinion, the funds raised by the Company on short-term basis have not been used for long-term investment.
- xviii. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.



**SNB ASSOCIATES**

- xix. According to the records of the Company, the Company has not issued any debentures during the year.
- xx. The Company has not raised any money by public issue during the year.
- xxi. To the best of our knowledge and according to the information and explanations given to us, having regard to the nature of the Company's business, no material fraud on or by the Company was noticed or reported during the year.

**For SNB ASSOCIATES**  
Chartered Accountants  
(Firm Registration No: 015682N)

*S. Lakshmanan*

**S. LAKSHMANAN**  
Partner  
Membership No: 20045



Place: Bangalore

Date: 4/05/2010

# ALLIANCE COFFEE LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rupees	31st March, 2010 Rupees	31st March, 2009 Rupees
<b>SOURCES OF FUNDS</b>				
1. Shareholders' Funds				
Share Capital	1	500000	500000	
Reserves and Surplus	2	6255765	9088679	9588679
2. Loan Funds	3			
(a) Secured Loans		0	0	
(b) Unsecured Loans		0	0	0
3. Deferred Tax Liability (Refer Note (B)(3))			0	23253
<b>TOTAL</b>			<b>6755765</b>	<b>9611932</b>
<b>APPLICATION OF FUNDS</b>				
1. Fixed Assets	4			
Gross Block		1445651	1514727	
Less : Depreciation		565829	338344	
Net Block			879823	1176383
2. Investments	5		19818214	23490140
3. Deferred Tax Asset (Net) (Refer Note (B)(3))			28125	
4. Current Assets, Loans and Advances	6			
(a) Inventories		0	0	
(b) Sundry Debtors		11175439	9688117	
(c) Cash and Bank Balances		1032233	560325	
(d) Other Current Assets		93614	159318	
(e) Loans and Advances		42752023	32153131	
		55053309	42560891	
Less :				
Current Liabilities and Provisions	7			
(a) Liabilities		1519032	2355876	
(b) Provisions		67531568	55291000	
		69050600	57646876	
Net Current Assets			(13997291)	(15085985)
5. Miscellaneous Expenditure to the extent not written off / adjusted	8		26894	31394
<b>TOTAL</b>	<b>13</b>		<b>6755765</b>	<b>9611932</b>

Notes forming part of the Accounts

Figures in parentheses denote deductions

As per our annexed report of even date

For SNB Associates  
Chartered Accountants

*S. Lakshmanan*  
S. Lakshmanan

Partner  
Membership No. 20045

Date : 04.05.2010  
Place : Bangalore



For and on behalf of the Board

*Ravi Singh*  
Ravi Singh  
Dy. Managing Director

*Mr Hameed Huq*  
Mr Hameed Huq  
Director

*Mr M.D. Kumar*  
Mr M.D. Kumar  
Director

# ALLIANCE COFFEE LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	31st March, 2010 Rupees	31st March, 2009 Rupees
<b>INCOME</b>			
Sales and Operating Earnings	9	45344709	49194716
Other Income	10	537891	794728
		<b>45882600</b>	<b>49989444</b>
<b>EXPENDITURE</b>			
General Expenditure	11	12781715	11666817
Interest & Bank Charges	12	1105	16146
Depreciation		324504	129294
		<b>13107324</b>	<b>11812257</b>
<b>PROFIT BEFORE TAX</b>		<b>32775276</b>	<b>38177187</b>
Less : Tax - Current		11300000	13242000
- Excess Provision Written Back		0	(40000)
- Fringe Benefit		0	190000
- Deferred		(51378)	7829
		<b>11248622</b>	<b>13399829</b>
<b>PROFIT AFTER TAX</b>		<b>21526654</b>	<b>24777358</b>
Add : Balance Brought Forward		5088679	21419671
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>26615333</b>	<b>46197029</b>
<b>APPROPRIATIONS</b>			
Final (Proposed) Dividend		20890000	20000000
Interim Dividend		0	13000000
Tax on Dividend		3469568	5608350
General Reserve		2152665	2500000
		<b>26512233</b>	<b>41108350</b>
<b>BALANCE CARRIED FORWARD</b>		<b>103100</b>	<b>5088679</b>
Surplus Carried to Balance Sheet			

Notes forming part of the Accounts

13

Figures in parentheses denote deductions

Basic / Diluted Earning Per Share

Rs. 430.53

Rs. 495.55

As per our annexed report of even date

For SNB Associates

Chartered Accountants

*S. Lakshmanan*

S. Lakshmanan

Partner

Membership No. 20045

Date : 04.05.2010

Place : Bangalore



For and on behalf of the Board

*Ravi Singh*  
Ravi Singh  
Dy. Managing Director

*Mr Hameed Huq*  
Mr Hameed Huq  
Director

*Mr M.D. Kucnar*  
Mr M.D. Kucnar  
Director

# ALLIANCE COFFEE LIMITED

SCHEDULES 1 TO 13 ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS  
AT AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	31st March, 2010 Rupees	31st March, 2009 Rupees
<b>SCHEDULE No. 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
100000 Equity Shares of Rs 10 each	1000000	1000000
	<u>1000000</u>	<u>1000000</u>
<b>Issued, Subscribed and Paid up</b>		
50,000 Equity Shares of Rs 10 each fully paid-up	500000	500000
Note : Out of above 25,500 equity shares are held by Tata Coffee Limited (Holding Company)	<u>500000</u>	<u>500000</u>
<b>SCHEDULE No. 2</b>		
<b>RESERVES AND SURPLUS</b>		
<b>i) General Reserve</b>		
As per last account	4000000	1500000
Add : Transferred from Profit and Loss Account	2152665	2500000
	<u>6152665</u>	<u>4000000</u>
<b>ii) Profit &amp; Loss Account</b>		
Credit Balance for the year	103100	5088679
	<u>103100</u>	<u>5088679</u>
<b>Total ( i + ii )</b>	<u>6255765</u>	<u>9088679</u>
<b>SCHEDULE No. 3</b>		
<b>(a) SECURED LOANS</b>		
<b>Term Loans</b>		
From Banks		
Secured	0	0
From Others		
Cash Credit / Overdraft	0	0
	<u>0</u>	<u>0</u>
<b>(b) UNSECURED LOANS</b>		
From a Body Corporate	0	0
	<u>0</u>	<u>0</u>



# ALLIANCE COFFEE LIMITED

## SCHEDULE No. 4 FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 31.03.2009	Deductions	For the year	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Office Equipments	7176	0	0	7176	2004	0	936	2940	4236	5172
Computers	229653	65500	134576	160577	150803	97021	40756	94538	66038	78850
Vehicles	1277898	0	0	1277898	185538	0	282812	468350	809548	1092360
Total	1514727	65500	134576	1445651	338345	97021	324504	565829	879823	1176382
Previous Year Total	638727	876000	0	1514727	209050	0	129294	338344	1176383	429677



# ALLIANCE COFFEE LIMITED

## SCHEDULE No. 5

### INVESTMENTS

(Refer Note 1(f) of Schedule 13)

#### Current Investments

Units of Mutual Funds of Rs. 10 each fully paid

HSBC Ultra Short Term Fund-Weekly Dividend

Units purchased during the year - 3240836

Units sold during the year - 3605982

No. of  
Shares/  
Units

31st March,  
2010  
Rupees

No. of  
Shares/  
Units

31st March,  
2009  
Rupees

1976773

19818214

2341920

23490140

19818214

23490140

## SCHEDULE No. 6 CURRENT ASSETS, LOANS AND ADVANCES

### (a) INVENTORIES

(Refer Note 1(g) of Schedule 13)

Stock in Trade

0

0

0

0

### (b) SUNDRY DEBTORS

(Unsecured, considered good)

Over Six Months Old - Holding Company

0

0

Less than Six Months Old - Holding Company

11175439

9688117

(Holding Company - Tata Coffee Limited)

(Maximum amount due at anytime during  
the year is Rs 22934728/-)

11175439

9688117

### (c) CASH AND BANK BALANCES

Cash in hand (as certified)

849

11560

With Scheduled Banks

On Current Account

1031385

548765

On Deposit Account

0

0

1032233

560325

### (d) OTHER CURRENT ASSETS

Service Tax on Input Services

93614

159318

93614

159318

### (e) LOANS AND ADVANCES

(Unsecured, considered good - unless otherwise stated)

Advances recoverable in cash or in kind or for value  
to be received.

Secured

76469

22563

Income Tax Advance

30558874

25058874

TDS Receivable

11657994

6394427

Advance for Fringe Benefit Tax

410000

410000

Service Tax Receivable

0

259967

Security Deposits

5259

7300

Prepaid Expenses

43427

-

42752023

32153131



# ALLIANCE COFFEE LIMITED

	31st March, 2010 Rupees	31st March, 2009 Rupees
<b>SCHEDULE No. 7</b>		
<b>(a) LIABILITIES</b>		
Sundry Creditors		
Liability for Expenses	1321927	2172935
TDS Payable	57444	137465
Service Tax on Output Services	139661	45476
	<u>1519032</u>	<u>2355876</u>
<b>(b) PROVISIONS</b>		
For Taxation	42742000	31442000
For Tax on Fringe Benefits	430000	450000
For Proposed Dividend	20890000	20000000
For Tax on Proposed Dividend	3469568	3399000
	<u>67531568</u>	<u>55291000</u>
<b>SCHEDULE No.8</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Preliminary Expenses	26894	31394
Preoperative Expenses	0	0
	<u>26894</u>	<u>31394</u>
<b>SCHEDULE No. 09</b>		
<b>SALES AND OPERATING EARNINGS</b>		
Commission Income	45344709	49194716
	<u>45344709</u>	<u>49194716</u>
<b>SCHEDULE No. 10</b>		
<b>OTHER INCOME</b>		
Dividend form Mutual funds	537891	785589
Income from investment in mutual funds	0	9139
	<u>537891</u>	<u>794728</u>



# ALLIANCE COFFEE LIMITED

	Year Ended 31st March, 2010 Rupees	Year Ended 31st March, 2009 Rupees
<b>SCHEDULE No. 11</b>		
<b>GENERAL EXPENDITURE</b>		
Salaries, Bonus, etc.	2376952	2058488
Contribution to Provident and other Funds	465171	456428
Staff Welfare Expenses	376413	339676
Management Fees	5364855	4868920
Rent	120000	120000
Rates and Taxes	7300	9825
Insurance	26215	17407
Electricity Charges	158571	131575
Advertising and Sales Promotion	374550	227349
Travelling and Conveyance	2216045	2514168
Telephone, Postage and Telegrams	272051	345439
Repairs and Maintenance	161321	124511
Printing & Stationary	44192	15439
Auditors' Remuneration	40000	40000
Motor Car Expenses	143693	69757
Preliminary Exp W/off	4500	4500
Preoperative Exp W/Off	0	0
Miscellaneous Expenses	518712	245757
Loss on sale of assets	30056	0
Subscription	81118	77578
	<u>12781715</u>	<u>11666817</u>
<b>SCHEDULE No. 12</b>		
<b>INTEREST &amp; BANK CHARGES</b>		
Bank Charges	1105	-
Others		16146
	<u>1105</u>	<u>16146</u>



## ALLIANCE COFFEE LIMITED

### SCHEDULE 13 - SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART OF THE ACCOUNTS

#### A. SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis for Preparation of Accounts**

The accounts have been prepared to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

(b) **System of Accounting**

The Company adopts the accrual basis in the preparation of accounts.

(c) **Income**

- (i) The Company accounts for commission income arising out of the terms of the agreement entered into with the clients from time to time.
- (ii) Insurance claim and interest on delayed payment of bills (if any) are accounted for at the time of receipt.
- (iii) All other income are recognised on accrual basis.

(d) **Expenditure**

Expenses are accounted for on accrual basis and provision is made for all known liabilities.

(e) **Fixed Assets and Depreciation**

- (i) Fixed Assets are stated at their original cost of acquisition as reduced by any sale or discard and accumulated depreciation thereon.
- (ii) Depreciation on all fixed assets is provided on written down value method at the rates prescribed in schedule XIV of the Companies Act, 1956.
- (iii) Depreciation is provided on pro-rata basis from the date in which assets have been put to use and upto the date in which assets have been disposed off.

(f) **Investments**

Investments are short term in nature and are stated at cost or market price whichever is lower.

(g) **Inventories**

There is no inventory, i.e., Stock-in-trade in the company.

(h) **Sundry Debtors and Loans and Advances**

Sundry Debtors and Loans and Advances are stated after making adequate provisions for doubtful balances and/or writing off bad and irrecoverable debts and advances.



## ALLIANCE COFFEE LIMITED

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**(i) Retirement / Post Retirement Benefits**

Contributions to defined contribution schemes such as Provident Fund and Family Pension Fund are charged to the profit and loss account as incurred. The Company also provides retirement / post retirement benefits in the form of gratuity, pensions, leave encashment and medical. Provisions for gratuity is funded with LICI on the basis of actuarial valuation. Leave encashment benefit is provided on accrual basis as per the Actuarial Valuation done under AS-15.

**(j) Taxation**

Provision for current Income Tax is made on the basis of the assessable income under the Income Tax Act, 1961.

Deferred Income Tax on account of timing differences between taxable income and accounting income for the year is accounted for by applying the tax rates and laws enacted or substantially enacted on the Balance Sheet date.

**(k) Translation of Currencies**

Assets and liabilities held in foreign currencies and accrued income and expenditure in foreign currencies are translated in Indian Rupees at the rates prevailing on the date of currency transactions.

**(l) Contingent Liabilities**

Contingent liabilities are not provided for in accounts but are disclosed by way of notes on accounts, if any.

**B. NOTES ON ACCOUNTS**

**1. Secured Loans**

There is no secured loan taken or repaid during the year.

**2. Contingent liabilities not provided for**

a. In respect of counter guarantees given by the Company to bankers against their issuing guarantees to different parties

b. Relating to Arbitration

**3.** Deferred Tax asset/ (liability) is recognised using current tax rates for timing difference in respect difference in depreciation rates between books and income tax.

**4.** Income from interest, commission and service charges is stated gross.

**31st March,  
2010  
Rupees**

**31st March,  
2009  
Rupees**

0

0

**2924297**

0

**28125**

**(23253)**

0

0



# ALLIANCE COFFEE LIMITED

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	31st March, 2010 Rupees	31st March, 2009 Rupees
5. Directors' Remuneration		
Salaries & Bonus	1757000	1455000
Perquisites	42284	742118
	<u>1799284</u>	<u>2197118</u>

Remuneration stated above excludes contribution on account of P.F.

Gratuity and Superannuation Rs. 405555/- (previous year 400777/-)

The company has obtained a legal opinion that the remuneration is within the limits as specified in the Schedule XIII of the Companies

Act 1956 subject to approval of share holders by a special resolution.



# ALLIANCE COFFEE LIMITED

	31st March, 2010 Rupees	31st March, 2009 Rupees
<b>6. Auditors' Remuneration</b>		
Audit Fee -- Statutory	30000	30000
Audit Fee -- Tax Accounts	10000	10000
Fee for Certificates	0	0
	40000	40000
<b>7. Value of Imports on C.I.F. basis in respect of</b>		
Purchases of Traded Items	0	0
Capital Goods	0	0
	0	0
<b>8 Expenditure in Foreign Currency on account of</b>		
Travelling	869367	1024680
Staff Training Expenses	0	0
	869367	1024680
<b>9. Earnings in Foreign Exchange</b>		
Commission	0	0
Reimbursement of Expenditure	0	0
	0	0
<b>10. Quantitative and Monetary value details of Trading Activities pursuant to Schedule VI of the Companies Act, 1956 :</b> (Company is engaged in the marketing activities only and thus is not directly involved in purchase & sales)	NA	NA
<b>11. Related Party Disclosures :</b>		
a) <b>List of related parties</b>		
Related parties with whom transactions have taken place during the year :		
<b>Holding Company</b>		
Tata Coffee Limited		
<b>Associate Company</b>		
Beeyu Overseas Limited		
<b>Key Management Personnel</b>		
Mr. Ravi Singh, Dy. Managing Director		
b) <b>Transactions with related parties</b>		
i) <b>Holding Company</b>		
- Tata Coffee Limited		
Commission Received	45344709	49194716
Management Fees Paid	5364855	4868920
Balance to the debit at year end	10453802	8192302
ii) <b>Associate Company</b>		
- Beeyu Overseas Limited		
Rent Paid	120000	120000
Re-imbursement of expenses	NIL	NIL
iii) <b>Key Management Personnel</b>		
- Mr. Ravi Singh (Dy. M.D)		
Managerial Remuneration	1799284	2197118
<b>12. The figures of previous years have been regrouped/rearranged wherever necessary.</b>		

As per our annexed report of even date

For SNB Associates

Chartered Accountants

Partner

Membership No. 20045

Date : 04.05.2010

Place : Bangalore



Signatures to Schedules 1 to 13

For and on behalf of the Board

*Ravi Singh*  
Ravi Singh  
Dy. Managing Director

*Mr Hameed Huq*  
Mr Hameed Huq  
Director

*Mr M.D. Kumar*  
Mr M.D. Kumar  
Director

## ALLIANCE COFFEE LIMITED

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### 1. REGISTRATION DETAILS

Registration No.	106278
State Code	21
Balance Sheet Date	31st March, 2010

#### 2. CAPITAL RAISED DURING THE YEAR

(Amount in Rs. Thousands)

Public Issue	NIL
Right Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

#### 3. POSITION OF MOBILISATION AND

##### DEPLOYMENT OF FUNDS

(Amount in Rs. Thousands)

TOTAL LIABILITIES	6756
TOTAL ASSETS	6756

##### SOURCE OF FUNDS

Paid up Capital	500
Reserves and Surplus	6256
Secured Loans	0
Deferred Tax Liability	0

##### APPLICATION OF FUNDS

Net Fixed Assets	880
Investments	19818
Net Current Assets	(13997)
Deferred Tax Assets	28
Miscellaneous Expenditure	27
Accumulated Losses	0

#### 4. PERFORMANCE OF COMPANY

(Amount in Rs. Thousands)

Turnover Including other income	45883
Total Expenditure	13107
Profit before Tax	32776
Profit after Tax	21527
Earning Per Share (in Rs.)	430.53
Dividend Rate %	4178 %

#### 5. GENERIC NAMES OF PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY.

PRODUCT DESCRIPTION	ITEM CODE NO.
(1) Coffee	210111.01



ALLIANCE COFFEE LTD				
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010				
	Year ended 31st March, 2010		Year ended 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
<b>Cash Flow from Operating Activities :</b>				
Net Profit before Tax and Exceptional Income		32775276		38177000
Adjustments For :				
Depreciation	324504		129000.00	
Preliminary Expenses written off	4500		5000	
Investments and Interest Income	(537891)		(795000)	
Interest/Finance Charges	0		16000	
Profit/Loss on Sale of Fixed Assets	30056		0	
Excess Provision written back	(20000)	(198831)	-	(645000)
<b>Operating Profit Before Working Capital Changes:</b>		32576445		37532000
<b>Working Capital Changes</b>				
Decrease/(Increase) in Trade and Other Receivables	(1256943)		7164000	
Decrease/(Increase) in Inventories	0		0	
Increase/(Decrease) in Trade Payables	(836844)		-2908000	4256000
<b>Cash Generated from Operations :</b>		30482658		417.88
Direct Taxes Paid		(10763567)		(13678000)
<b>Cash Flow, Before Extraordinary Income</b>		19719091		28110000
Payment towards VRS		0		0
<b>A. Net Cash From Operating Activities</b>		19719091		28110000
<b>Cash Flow From Investing Activities :</b>				
Purchase of Fixed Assets		(65500)	(876000.00)	
Sale of Fixed Assets		7500	0	
Sale/(Purchase) of Investment		3671926	(13094000)	
Other Deposits		0	0.00	
Investments and Interest Income		537891	795000	
<b>B. Net Cash used in Investing Activities</b>		4151817		(13175000)
<b>Cash Flow From Financing Activities :</b>				
Proceeds from Short Term Borrowings			0.00	
Dividend & Dividend Tax Paid		(23399000)	(15209000)	
Interest and Finance Charges Paid			16000	
<b>C. Net Cash Used in Financing Activities:</b>		(23399000)		(15193000)
<b>Net Increase/Decrease in Cash and Cash Equivalents (A+B+C)</b>		471908		(258000)
<b>D. Cash and Cash Equivalents</b>				
Opening Balance		560325		818000
Closing Balance		1032233		560000

Notes to the cash flow statement for the year ended 31st March, 2010

1. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

For SNB ASSOCIATES  
Chartered Accountants

S. Lakshmanan  
Partner  
Membership No.2004



Ravi Singh  
y. Managing Director

Mr Hameed Haq  
Director

Mr M. De. Kumar  
Director

Place : Bangalore  
Date : 04.05.2010