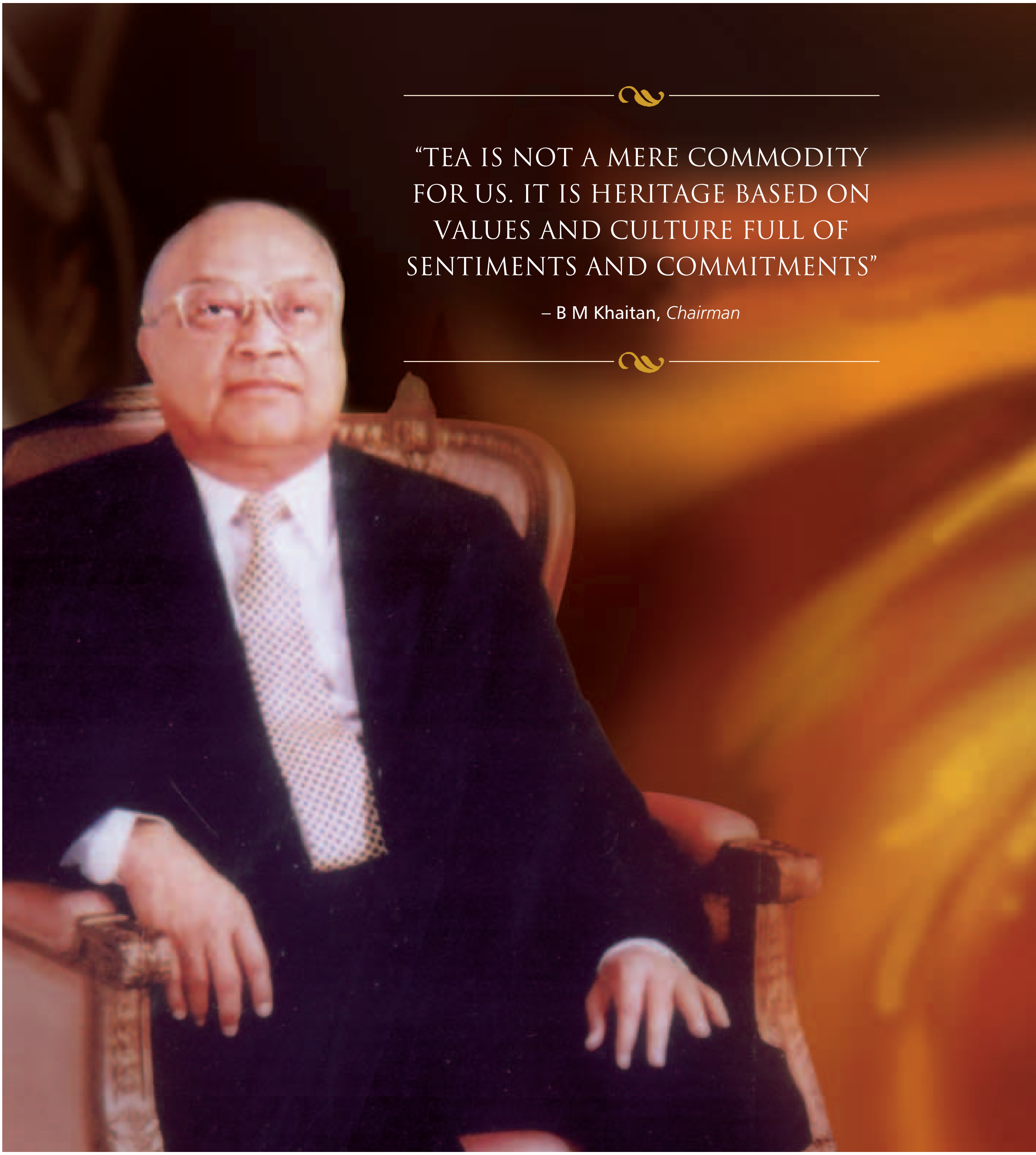
McLEOD RUSSEL

THE WORLD'S CUP OF TEA

SUSTAINABILITY

McLEOD RUSSEL INDIA LIMITED | ANNUAL REPORT 2011-12


"TEA IS NOT A MERE COMMODITY FOR US. IT IS HERITAGE BASED ON VALUES AND CULTURE FULL OF SENTIMENTS AND COMMITMENTS"
– B M Khaitan, *Chairman*

CONTENTS

IN A CYCLICAL TEA PLANTATION BUSINESS, McLEOD RUSSEL HAS INVESTED IN SUSTAINABILITY, WITH THE OBJECTIVE OF RESISTING INDUSTRY DOWNTRENDS BETTER THAN ITS PEERS AND CAPITALISING ON SECTORAL REBOUNDS BETTER THAN ANY OTHER COMPANY.

THE YEAR 2011-12 SHOWCASED OUR CAPABILITY. WHILE AVERAGE NORTH INDIAN TEA REALISATIONS DECLINED 2.71%, McLEOD RUSSEL INDIA'S REALISATIONS GREW 3.41%.

THE RESULT: McLEOD RUSSEL'S CONSOLIDATED 2011-12 SALES REVENUES GREW 14.09% AND PROFIT AFTER TAX INCREASED 18.08% OVER THE PREVIOUS YEAR.

MISSION STATEMENT

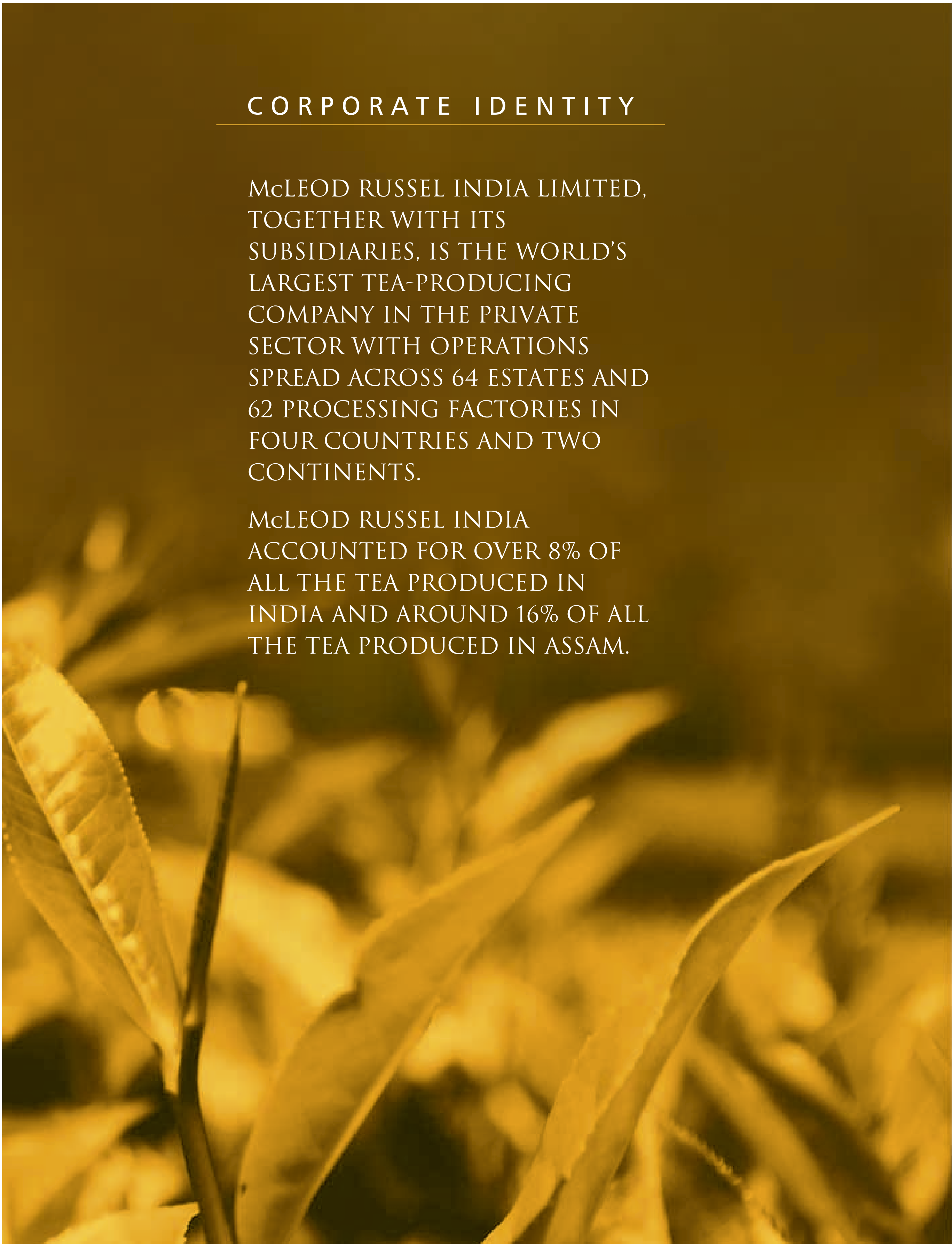
"McLeod Russel India Limited follows the tenets of a good corporate citizen, providing equal opportunity to all employees, in a safe and healthy working environment, ensuring social and economic development to sustain and improve quality of life. It is committed to safeguarding the environment by adopting an eco-friendly, transparent and participatory approach in all activities whilst ensuring that the best quality of tea is produced."

– **Aditya Khaitan,** *Managing Director*

CORPORATE IDENTITY

McLEOD RUSSEL INDIA LIMITED, TOGETHER WITH ITS SUBSIDIARIES, IS THE WORLD'S LARGEST TEA-PRODUCING COMPANY IN THE PRIVATE SECTOR WITH OPERATIONS SPREAD ACROSS 64 ESTATES AND 62 PROCESSING FACTORIES IN FOUR COUNTRIES AND TWO CONTINENTS.

McLEOD RUSSEL INDIA ACCOUNTED FOR OVER 8% OF ALL THE TEA PRODUCED IN INDIA AND AROUND 16% OF ALL THE TEA PRODUCED IN ASSAM.



PARENTAGE

- McLeod Russel India Limited is part of the Williamson Magor Group, which has been in the tea-producing business for almost one-and-a-half centuries.
- McLeod Russel is the tea plantation company under the Chairmanship of Mr. B.M. Khaitan. McLeod Russel India was originally incorporated as Eveready Company India Private Limited on May 5, 1998.
- Effective April 2004, Eveready Industries India Limited demerged into McLeod Russel India Limited and Eveready Industries India Limited to enable McLeod Russel to focus on the tea plantation business.
- In July 2005, McLeod Russel, by acquiring Borelli Tea Holdings Limited, U.K., gained control over its subsidiary Williamson Tea Assam Limited with 17 Tea Estates in India. In 2006 and 2007, McLeod Russel acquired Doom Dooma Tea Company Limited and The Moran Tea Company (India) Limited. All companies acquired between 2005 and 2007 were merged with McLeod Russel.

PROMOTERS

- The Company represents a balance of proprietary and professional interests. The Company is led by Mr. Brij Mohan Khaitan (Chairman), Mr. Deepak Khaitan (Vice Chairman) and Mr. Aditya Khaitan (Managing Director).
- The Company's shares are actively traded on the Bombay and National Stock Exchanges. The Company enjoyed a market capitalisation of Rs. 2970 cr as on 31st March 2012.

BUSINESS

- McLeod Russel is engaged in the cultivation, processing and sale of tea.
- The Company primarily produces crushed, torn and curled (CTC) tea, which accounts for more than 90% of its production; the rest of the tea manufactured by the Company comprises the Orthodox variety.
- The Company, with its subsidiaries, produced 103 million kgs of tea in 2011-12 and it is one of the largest global black tea exporters.
- The Company has established a state of the art tea blending factory at Nilpur, Assam to cater to the growing demand from customers for bespoke blends of the Company's own teas from India.
- McLeod Russel Middle East DMCC, a subsidiary of the Company, was set up in 2011 at Dubai, UAE to serve as a trading and marketing hub for multi origin blends from Group's own estates in India, Vietnam and Africa. McLeod Russel Middle East is able to provide turnkey solutions to customers looking for teas in straight line, blended or value added form.

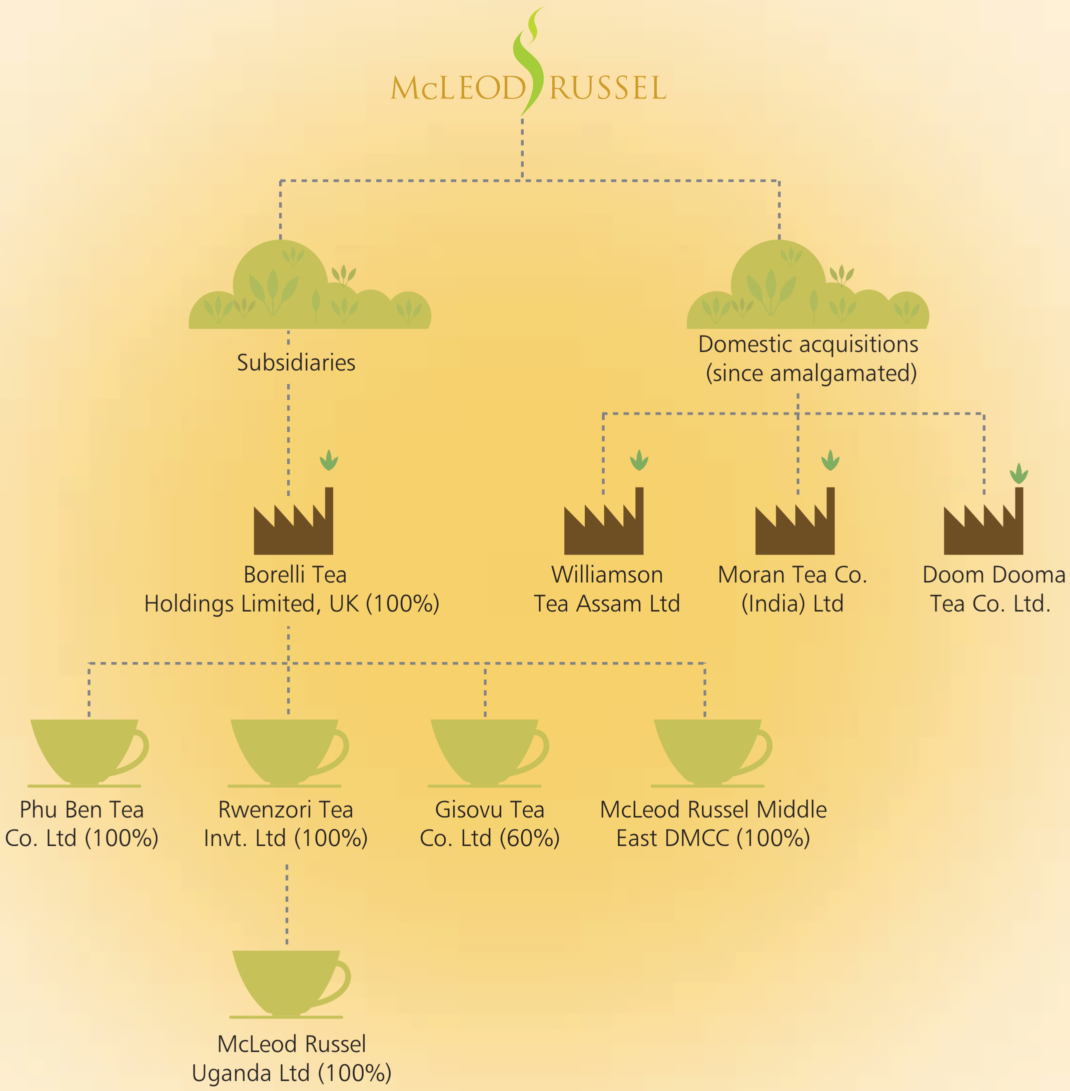
LOCATION

- McLeod Russel is headquartered in Kolkata, West Bengal.
- The Company has 39,358 hectares under tea cultivation globally
- The plantations of the Company and its subsidiaries comprise 54 estates in India (48 in Assam, 6 in West Bengal), 3 in Vietnam, 6 in Uganda and 1 estate in Rwanda.
- The Company exports its tea to 22 countries namely, Australia, Bangladesh, Canada, Chile, China, Egypt, Germany, Indonesia, Iran, Ireland, Japan, Kazakhstan, Kenya, Pakistan, Poland, Russia, Saudi Arabia, Sri Lanka, Netherlands, UAE, UK and USA.

ACCREDITATIONS

- McLeod Russel enjoys a number of globally respected accreditations and certifications, which enhance its export footprint and realisations.
- The certifications comprise Fairtrade, Rainforest Alliance, Hazard Analysis Critical Control Point (HACCP), Ethical Tea Partnership and International Organisation for Standardisation (ISO 22000) in respect of many of its Tea Estates.
- McLeod Russel was voted India's Best Managed Small Cap Corporate, for 2009 by ASIAMONEY for its commitment to quality, acquisitions and growth.

ORGANISATION STRUCTURE



HIGHLIGHTS (CONSOLIDATED)

Net Sales
(Rs. in lakhs)

EBIDTA
(Rs. in lakhs)

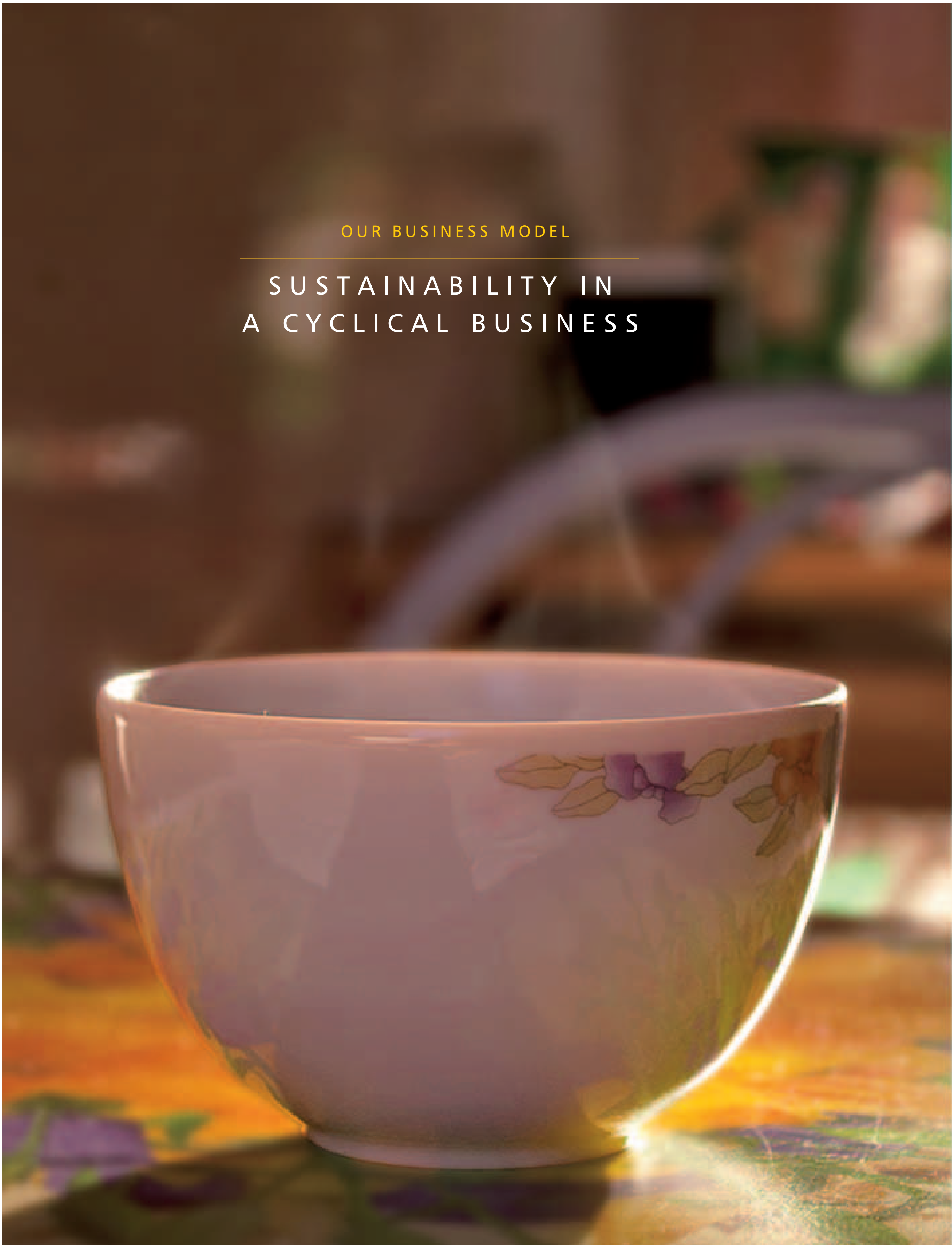
EBIDTA margin
(% on sales)

Profit after Tax
(Rs. in lakhs)

Saleable production
(lakh kg)

OUR BUSINESS MODEL

SUSTAINABILITY IN A CYCLICAL BUSINESS



AT McLEOD RUSSEL, WE RECOGNISE THAT THE SUCCESS OF OUR BUSINESS MODEL WILL ALWAYS BE MEASURED BY OUR RELATIVE INSULATION FROM THE CYCLICALITY OF THE TEA PLANTATION SECTOR.

OVER THE LAST DECADE, THE COMPANY INVESTED IN SPECIFIC INITIATIVES TO ENHANCE THIS INSULATION TO REPORT LOWER THAN INDUSTRY DECLINES DURING SECTORAL SLOWDOWNS AND HIGHER THAN INDUSTRY REBOUNDS DURING PERIODS OF SECTORAL RECOVERY.

THE BUILDING BLOCKS OF OUR SUSTAINABILITY

- Focus on Quality
- Volume Growth
- Cost Management
- Process Orientation and System Standardisation

BUILDING BLOCKS

At McLeod Russel, we recognise that business sustainability is most effectively achieved by the ability to produce the largest volume of the best quality at the lowest cost.

- **Our quality focus:** We have consistently positioned ourselves as a quality-driven tea producer (as opposed to a singular focus on volume generation) to generate higher-than-industry average realisations during industry uptrends and market our teas faster than others during sectoral declines. The result: our average realisation for 2011-12 was Rs. 26.97 per kg higher than the all-Assam average and Rs. 32.36 per kg higher than the North Indian Auction average.

- **Our volume growth:** We enhanced yields from within our own gardens and increased the purchase of tea leaves from other gardens to drive volume growth higher than the industry average. Besides, we reduced our excessive dependence on tea grown from one region or country to mitigate climatic risks. Until 2009, 100% of our tea was produced in India; in the last three years, we increased revenue considerably through our non-Indian production, derived from timely acquisitions of tea estates in Vietnam, Uganda and Rwanda. The result: we reported a consolidated volume growth of 6.90% in 2011-12.

- **Our cost management:** We progressively strengthened human productivity in our tea estate, helping us amortise fixed costs more effectively and emerge as one of the lowest cost tea producers. The result: McLeod Russel India is reported to be among the industry's highest labour productivity – 25 kg per person day in tea plucking.

- **Our process orientation:** We invested in an operational environment that has standardised processes and practices across workers, managers, gardens and countries. This was reinforced by an efficient documentation discipline that helped identify and correct deviations in the shortest time. In a business marked by thousands of variables, this standardisation enhanced operational predictability and replaced dependence on the diverse operating styles of managers with a stable institutionalised approach.
The result: McLeod Russel India's average yield of 1957 kgs per hectare was considerably higher than the average Assam yield.

THE RESULT

Over the years, our investments in sustainability translated into superior financials.

Beta: When all-India realisations declined by Rs. 6.83 per kg in 2005 (calendar year), a year considered unfavourable for the tea industry, McLeod Russel's average realisations declined only by Re. 0.24 per kg in the relevant financial year. When all-India realisations improved by Rs. 18.92 per kg in 2009 (calendar year), a year considered favourable for the tea industry, McLeod Russel India's average realisations strengthened by Rs. 23.49 per kg in the relevant financial year.

Rising margins: The Company strengthened its consolidated EBIDTA margin over the last four years – from 17.40% in 2007-08 to 28.43% in 2011-12. Some of the newer gardens like Gisovu Tea Company (Rwanda) reported an EBIDTA margin which is substantially higher than this corporate average.

VALUE CREATION

In line with these sustainability-enhancing initiatives, McLeod Russel's market capitalisation strengthened from Rs. 282 cr in 2005 (following the demerger) to Rs. 2970 cr at the close of 2011-12, making it one of the most valuable tea plantation companies in the world.

OUR ENDURING STRENGTHS

OVERVIEW

Focus: We are purely plantation-oriented, with no revenues being accrued from packaging and other sources.

Space: We are undisputedly the single largest private sector tea company in the world with 39,358 hectares globally under plantation.

Speed: We are also possibly the world's fastest-growing large tea company.

Promoter-professional interests: We enjoy a prudent balance of promoter and professional interests, marked by a hands-on engagement of the promoters on the one hand balanced with extensive delegation to the professionals on the other.

PEOPLE

People: We possess a trained and experienced workforce of 87,000 employees, making us the single largest tea industry employer in the world in the private sector; a formidable strength at a time of declining manpower availability.

Experience: The Company is managed by around 500 management executives with an attrition of around 5% and average employment tenure with the company of 19 years.

Acquisitions: We acquired 35 estates after 2004; 10 of these estates were outside India; operating performance of these estates improved substantially within 2 years of acquisition.

Community support: We invest regularly in discharging our corporate social responsibility (covering education, housing, community development, medical, healthcare and hygiene), benefiting 87,000 employees and communities around our sphere of operations. We not only comply completely with government requirements for community welfare, our community welfare initiatives go well beyond the statutory requirements.

REVENUES

Export: Our average export of 24 mn kg of teas from India represents about a quarter of Assam's total tea export, one of the most respected teas globally.

Brand: Our estates enjoy a reputation of producing premium quality teas that fetch prices considerably higher than their respective regional average.

Relationships: More than 98% of the Company's revenues are derived from longstanding buyers (in excess of more than five years), indicating revenue stability.

Clearances: Our teas comply with the demanding EU norms for pesticide traces. We also comply with stringent import norms of Japan, China, USA, Russia and others. Our Company complies with Fair Trade Practices, Rainforest and HACCP requirements in respect of certified estates, which made it possible to export to 22 countries and generate over Rs.400 cr from exports in 2011-12.

CORE COMPETENCE

Geographically de-risked: Our Company is Indian in origin but has a progressively global presence (14% of our hectareage is across Uganda, Rwanda and Vietnam); within Assam. 26 of our estates are on the South Bank and 22 estates on the North Bank (as against a 65-35 presence for the rest of the Assam tea industry).

Adequately complemented: We operate 62 tea factories globally with a processing capacity compatible with our peak needs; we process all our teas in-house.

New plantation: We consistently uproot old bushes to the extent of around 2% of our productive area each year. We uprooted a cumulative 7700 hectares from 1995-96 onwards; 40% of our gardens are less than 30 years old with yields significantly higher than the industry average.

Systems: We are a process-driven company in a business marked by operational risks and variations. Every existing or probable risk is documented with recommended risk management initiatives, which periodically reviewed by the Board of Directors.

FINANCIALS

Gearing: We enjoyed a modest gearing of 0.22 at the close of 2011-12 with an average debt cost lower than the PLR and an interest cover of 6.07.

Rating: Our working capital facility was rated AA by ICRA, signifying that the outlook on the long-term rating is Stable; this rating was revised upwards by four notches in three years.

Reserves: The Company holds Rs. 640 cr. in General Reserves against Equity Capital of Rs. 54.73 cr.

Distribution: Equity dividend gradually increased from 20% in 2006-07 to 120% (proposed) in 2011-12.

BUSINESS DRIVERS

TEA PROCESSING AND PRODUCTION

POSITION

World's largest tea plantation Company, accounting for 8% of India's total tea production and 2% of the world's tea production.

ESTATES AND PRODUCTION CAPACITY

39,358 hectares of land area under tea cultivation globally with 64 estates (48 in Assam, 6 in West Bengal), 3 estates in Vietnam, 6 estates in Uganda and 1 estate in Rwanda with a total production capacity of 103 mn kgs.

HIGHLIGHTS, 2011-12

- McLeod Russel India produced 79.31 mn kg against 74.87 mn kg in 2010-11.
- Achieved a yield of 1957 kg/hectare in 2011-12 compared with 1925 kg per hectare in 2010-11.
- Upgraded our African factories, rationalising processing time from 24 hours to 16 hours.
- Increased production from the Vietnam estates from 4.7 million kgs in 2010 to 5.4 million kgs in 2011.

CHALLENGES, 2011-12

Rising cost of inputs and wages: Shifting to new and efficient technology. Rationalisation of expenditure, better cost management and retention of labour.

COMPETENCIES

Processing: Since 60% of the tea crop in India is picked between July and October, the Company designed its factories to address peak load and process the day's harvest within 16 hours, leading to consistent quality management at peak volume.

Capability: The Company revamps 25% of its factories annually with in-house engineering competence. The Company compulsorily replaces equipment every few years for optimal returns. The average age of the Company's equipment is seven years.

Factory efficiency: The Company's factories reported a 90-95% average utilisation; 80% were covered by captive power generation (DG sets) to counter possible downtime in the peak season.

Labour productivity: The Company is reported to be among the industry's highest in terms of labour productivity. It achieved 25 kg per person per day.

Pioneers: The Company pioneered and patented vacuum packing technology at the dryer mouth stage for bulk tea to retain the freshness of processed tea leading to premium realisations; this technology is in use across 15 of the Company's 62 processing units.

Environment-conscious: The Company uses soft chemicals complying with EU directives on chemical residues in tea. Afforestation and soil conservation is mandatory in all estates of the Company. Rainwater harvesting and creating water bodies are new initiatives being taken.

Ageing analysis: Nearly 75% of the Company's bushes are less than 50 years old, strengthening their resistance to climate change and delivering higher yields than the industry average.

OBJECTIVE

The Company intends to invest in various initiatives to counter the vagaries of weather, strengthen estate drainage initiatives, engage in river dredging with the objective to provide an outflow for water run off from the gardens, strictly follow viable agricultural practices to enhance bush health to cope with drought and pest activity, among others and increase the proportion of primary grade tea from 87% to 90%.

BUSINESS DRIVERS

MARKETING

POSITION

McLeod Russel is the largest producer exporter of black tea from India.

REACH AND MARKET SHARE

- McLeod Russel's tea is sold worldwide under the Elephant Trademark.
- The Company exports nearly 30% of its production and markets 70% of its teas within the country.
- McLeod Russel exports to 22 countries across six Continents including Middle East, Europe and North America among others.
- The Company's realisations were 27.60% higher than the North-Indian Auction average in 2011-12.

HIGHLIGHTS, 2011-12

- Average realisations increased from Rs. 144.67 per kg in 2010-11 to Rs. 149.61 per kg in 2011-12; the Company's average realisation for 2011-12 was Rs. 26.97 per kg higher than the Assam average and Rs. 32.36 per kg higher than the North Indian Auction average.
- The Company maintained the proportion of its sales within India at around 70%.
- The Company maintained its exposure in auctions to contain market risk; the Company marketed 38% of its teas through auctions, 30% through direct exports and 32% through its domestic private network.

CHALLENGES, 2011-12

At the start of 2011-12, the Company was challenged by the need to cope with climatic aberrations, production decline, increased cost of production, revised pesticides norms and demand upheavals following the Arab Spring.

COMPETENCIES

Extensive dealer network: The Company possesses an extensive Indian and international network of dealers, selected around credibility, integrity and financial stability.

Presence: The Company's produce is marketed across 16 Indian states and 22 countries.

Quality of tea: The Company reduced the variation between its peak and non-peak quality, generating a superior recall by buyers resulting in strengthening of the Company's brand image.

Focus: The Company is principally a CTC variety producer, accounting for 92% of its product mix.

OBJECTIVE

The Company expects to increase the cumulative proportion of teas marketed through exports and private network and intends to create new packaging especially for institutional sales.

Gisovu Tea Estate, Rwanda

OUR CERTIFICATIONS

FAIRTRADE Mark: The FAIRTRADE Mark is an independent consumer label which appears on products as an independent guarantee that disadvantaged producers in the developing world are getting better prospects. Four estates of the Company are covered by the FAIRTRADE certification, generating a premium on realisations. The Fairtrade premium is passed to the workforce through welfare projects designed to improve their social, economic and environmental conditions and for improved recreational facilities which result in a motivated workforce.

Rainforest Alliance: The Rainforest Alliance sets standards for sustainability that conserve wildlife and wetlands and promote the well-being of workers and their communities. Farms and forestry enterprises that meet their comprehensive criteria receive the Rainforest Alliance certification seal. This accreditation covers 24 estates of McLeod Russel in India, Vietnam and Africa, generating a premium in realisations while ensuring a healthy and sustainable environment.

Hazard Analysis Critical Control Point (HACCP)
HACCP is a system designed to identify, assess and help manage potential risks associated with food production and safety. Through in-house controls, these risks are systematically monitored and documented. Independent experts regularly monitor and assess the level of compliance as well as the production process itself, thus ensuring complete safety of the Company's products. McLeod Russel has 45 HACCP certified factories in India.

Ethical Tea Partnership: ETP certification was started by the major UK-based tea packing companies to ensure that social and ethical conditions were maintained in sourcing tea, activities were non-competitive and apolitical and international standards were followed in partnership with tea producers.

International Organisation for Standardisation (ISO): ISO is a network of the national standards institutes of 163 countries, one member per country, with a Central Secretariat in Geneva, Switzerland, that coordinates the system. All the tea estates of McLeod Russel in Vietnam and Uganda are ISO 22000 certified signifying that the units have comprehensive food safety management in place.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Brij Mohan Khaitan	Chairman
Deepak Khaitan	Vice-Chairman
Aditya Khaitan	Managing Director
Raghavachari Srinivasan	
Bharat Bajoria	
Ranabir Sen	
Utsav Parekh	
Srikandath Narayan Menon	
Ramni Nirula	
Rajeev Takru	Wholetime Director
Azam Monem	Wholetime Director
Kamal Kishore Baheti	Wholetime Director

COMPANY SECRETARY

Amitabha Guha Sarkar

AUDIT COMMITTEE OF THE BOARD

Raghavachari Srinivasan	Chairman
Bharat Bajoria	
Ranabir Sen	
Srikandath Narayan Menon	

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE OF THE BOARD

Ranabir Sen	Chairman
Bharat Bajoria	
Utsav Parekh	

REMUNERATION COMMITTEE OF THE BOARD

Bharat Bajoria	Chairman
Raghavachari Srinivasan	
Ranabir Sen	

AUDITORS

Price Waterhouse
Plot No.Y-14, Block-EP, Sector-V
Salt Lake Electronic Complex, Bidhan Nagar
Kolkata - 700091

REGISTERED OFFICE

Four Mangoe Lane
Surendra Mohan Ghosh Sarani, Kolkata – 700 001
Phone: (033) 2210-1221/2243-5391/2248-9434/35
Fax: (033) 2248-8114 / 2248-3683
E-mail: administrator@wmg.co.in

BANKERS

Allahabad Bank
Axis Bank Ltd.
HDFC Bank Ltd.
ICICI Bank Ltd.
State Bank of India
State Bank of Bikaner and Jaipur
UCO Bank
United Bank of India

SOLICITORS

Khaitan & Co LLP

REGISTRAR

Maheshwari Datamatics Pvt Ltd.
6, Mangoe Lane, 2nd Floor
Surendra Mohan Ghosh Sarani
Kolkata-700001
TEL: (033) 2243-5809/2243-5029
FAX: (033) 2248-4787
E-Mail: mdpl@cal.vsnl.net.in

REPORTS AND FINANCIAL STATEMENTS 2011-12

Disclaimer: With a view to enabling the Members of the Company to understand the Company better, certain information has been provided in page Nos.1 to 17 of this Annual Report, which is not purported to be a part of any statutory disclosure. The estimates mentioned and assumptions made therein and the particulars relating to the market and the industry contained therein have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured.

REPORT OF THE DIRECTORS

For the financial year ended 31st March 2012

Dear members

Your Directors have pleasure in presenting the Annual Report with the audited Accounts of your Company, for the financial year ended 31st March 2012.

Review of Performance

The financial results of the Company for the year ended 31st March 2012 are summarised below:

	2011-12 Rs. in lakhs	2010-11 Rs. in lakhs
Profit before finance costs, depreciation, exceptional Items and Taxation	34713	34292
Less: Finance costs	4724	3381
Less: Depreciation and amortisation expenses	2940	2754
Profit before exceptional items and tax	27049	28157
Less: Exceptional items	1382	–
Profit before tax	25667	28157
Tax expense:		
Current tax	5150	5150
Less: MAT credit	(1022)	(839)
Provision/ (Write back) relating to earlier years	(607)	23
Deferred tax	119	600
Profit for the year	22027	23223
Balance brought forward from previous year	10099	9237
Balance available for appropriations	32126	32460
Proposed dividend	6567	5473
Tax on proposed dividend	1065	888
Transfer to general reserve	14313	16000
Balance carried forward	10181	10099

The Board is pleased to report that during the year under review your Company has earned highest ever sales revenue of Rs.120289 lakhs as against Rs.106895 lakhs earned in the previous year. However, the profit after tax was lower by 5.15% primarily on account of significant increase in cost of materials, employee expenses and provision for diminution in value of investment, an exceptional item.

Dividend

Your Directors are pleased to recommend for approval of the shareholders a dividend of Rs. 6/- per equity share on 10,94,55,735 fully paid up equity shares of Rs. 5/- each being 120% on the paid up value of the equity shares of the Company for the year ended 31st March 2012 as against 100% (Rs. 5/- per share) paid for the earlier year.

Review Of Operations

During the financial year, your Company produced 793 lakh kgs tea as compared to 749 lakh kgs in the previous year. Favourable weather conditions spurred growth between April and October 2011. From November 2011 onwards the weather in the North Bank of Assam and Dooars became dry leading to an early closure of the season and a reduced harvest in March 2012.

The Uprooting and Replanting activity of your Company has further improved. The percentage of tea under fifty years is approximately 75% of the total area. This has contributed to an increase in an average yield of estates, which is higher than the Industry average. A good standard of nurseries with the required Clonal Blend are being maintained.

The Company's focus has always been to produce quality teas, which commanded a premium both in the domestic and international market. As part of an upgradation and modernisation programme of factories withering capacity was increased on four estates. Thirty four Rotorvane feeders, fifteen Rotorvanes, fourteen CTC machines, twenty CFM's, twelve VFBD's, four coal stoves, six boilers, sixteen milling machines, five lathe machines were installed in various factories. In some factories extension of building was undertaken to accommodate additional sorting machinery. To improve and monitor quality, six Colour Sorters for Orthodox Sorting and six Sinar Moisture Meters were purchased.

To augment the standby generating capacity eight diesel generating sets and two gas generating sets were installed. Six new transformers were also installed. For undertaking river embankment work bordering tea estates and deepening outlet drains four new JCB Excavators were purchased. To facilitate weighing of leaf, fertilisers, ration among others six new weighbridges were installed. 44 new plucking machines are being put on trial. With drought prevalent annually, additional irrigation equipment was augmented on 14 estates. Transport fleet was upgraded on estates with the deployment of 58 new tractors.

The Company now has 45 Hazard Analysis Critical Control Point (HACCP) certified factories. Your Company also has 4 estates certified as 'Fairtrade' and 14 estates certified as "Rainforest Alliance." The Nilpur Blending Unit is a HACCP Certified unit.

The average price realisation for the Company's tea for the year was Rs.150/- which is higher than the North Indian auction average of Rs.117/-.

The Company saw a total export quantum of 236 lakh kgs. in 2011-12 with an overall export turnover of over Rs.40134 lakhs. Favourable feedback was received from the buyers both in terms of quality and deliveries.

Subsidiary Companies and Consolidated Financial Statements

The Company has one wholly owned subsidiary namely, Borelli Tea Holdings Limited, U.K. (Borelli) and six step down subsidiaries. Borelli is inter alia engaged in the business of investing funds in various Companies engaged in tea production, marketing and investment activities. As on 31st March 2012 Borelli had the following subsidiaries in different countries:-

(i) Phu Ben Tea Company Limited, Vietnam – controlling stake of Borelli being 100%

(ii) Rwenzori Tea Investments Limited ('Rwenzori'), Uganda – controlling stake of Borelli being 100%

(iii) McLeod Russel Uganda Limited – 100% subsidiary of Rwenzori

(iv) Olyana Tea Holdings LLC ('Olyana'), USA – controlling stake of Borelli being 95%

(v) Gisovu Tea Company Limited, Rwanda – controlling stake of Borelli being 60%

(vi) McLeod Russel Middle East DMCC – controlling stake of Borelli being 100%

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies. A Statement containing brief financial details of the subsidiary companies is included in the Annual Report in the Chapter containing Consolidated Financial Statements. Olyana, for not having any business, is in the process of being dissolved. The performance of the major subsidiaries are summarised below for your information.

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company, its seven Subsidiaries and one Associate Company namely D1 Williamson Magor Bio Fuel Limited prepared in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India are attached.

Borelli Tea Holdings Limited

Borelli Tea Holdings Limited has invested in its Subsidiaries in Vietnam, Uganda, Rwanda, USA and Dubai. During the year ended 31st March 2012, Borelli earned a net profit equivalent to Indian Rs.2937 lakhs and has recommended payment of dividend at the rate of 200% on its equity capital held by your Company.

Phu Ben Tea Company Limited

Phu Ben Tea Company Limited (Phu Ben) during the financial year of the Company ended 31st December 2011 earned a net profit equivalent to Indian Rs.15 lakhs on its sales turnover equivalent to Rs.4366 lakhs.

Phu Ben achieved a total production of 54 lakh kgs. Sales for the year was 49 lakh kgs. which was sold at an average price of USD 1.74/kg.

Yield from own plantation was pegged at 2798 Kgs/Made Tea/Hectare which was a record. Implementation of improved field and cultural practices and favourable weather conditions attributed for this improvement.

Capacity expansion by way of additional trough at Van Linh and systemisation of operational procedures at all the units were reinforced.

The Company continues to lay stress on quality control in both field and factory and adheres to GAP for plantation operational developments, along with IPM measures for Pest control.

The plantations of the Company were "Rainforest Alliance Certified" in 2011.

The Company employs 3,920 farmers, workers and staff and maintained good Industrial relations.

Phu Ben is considered to be the top most Tea Company in Vietnam and is called upon by the Provincial and Central Government authorities to impart training and partake in community development programmes along with the Local Authorities. The Company was involved by way of providing technical advice to a French Government aided AFD project to develop the fields of the local farmers.

Phu Ben was awarded for Quality and Best GMP & GAP practices by the Provincial Government at the National Tea Convention in February 2011 held at Phu Tho Province. Phu Ben was also the winner of the "Golden Leaf Award" for best Black Tea in Vietnam at the International Tea Convention held at Thai Ngyuen Province in November, 2011. In addition, awards & certificates were also received from both Central Government agencies and Provincial Authorities for Environmental Protection, contribution to the development of the Tea Industry in Vietnam and Phu Ben was cited as a Model Business Venture.

McLeod Russel Uganda Limited

During the financial year of the Company ended 31st December 2011 McLeod Russel Uganda Limited (MRUL) earned a post tax profit equivalent to Indian Rs.7949 lakhs as against Rs. 2504 lakhs in the year 2010. This was achieved due to higher price realisation from USD 1.84 per kg. in 2010 to USD 1.95 per kg. in 2011, an increase of 11 cents per kg. During the year the Company also received Income Tax exemption for a period of ten years with effect from 2007.

Production in 2011 was lower at 163 lakh kgs. compared to 168 lakh kgs. in 2010, due to insufficient rainfall at the beginning of the year. However, the increase in prices compensated for the reduction in production. The Company declared dividend equivalent to Indian Rs.2301 lakhs during the year as against Rs.1967 lakhs in 2010.

Weather conditions were unfavorable at the commencement of the year with rainfall receding by December 2010 and becoming active only in end March 2011. As a consequence 1st quarter factory crop was in deficit against previous year by 38%. However, with resumption followed by normal rainfall levels, the Company was able to recoup and the year finished with factory deficit of 4% only against an all-time record in 2010.

Extension Tea planting was strengthened. This activity was carried out early in the year and minimal vacancy was recorded 12 months after planting. Eucalyptus extension was carried out. A Vegetative Propagation Unit for fuel wood trees was established and 4 new clones were generated at commercial level. Single Operator Harvesters were deployed at all locations and area under mechanical harvesting registered an increase to 56%. All fields were harvested on shorter rounds and no crop control was resorted to.

Factory expansion to 3 lines and increase of Withering capacity was completed at Mwenge and Bugambe. The renovated factories now have capacity to complete manufacture of peak season volumes within 16 hours. Private sales quantum increased and new markets were accessed in the Middle East. The Company achieved ISO 22000 FSMS certification and maintained RA standards.

Construction of resident workers housing (6 units) and infrastructure was completed on schedule and to high standards. A water supply project was commenced at Mwenge to provide filtered potable water for all residents. Under the Company's commitment to CSR and community upliftment, 2 primary school blocks were constructed and handed over to local Government authority.

The Company's commitment to, and success with, USAID sponsored Health in the Work-Place Program was acknowledged by a visit of Ms. Lois Quam, Executive Director, US Global Health Initiative accompanied by H. E. Jerry Lanier the US Ambassador to Uganda. MRUL remained the country's largest tea producer and exporter. Presidential, Parliamentary and Local Government election took place nation-wide in February/March 2011, during which time estates remained calm and orderly. Good industrial relations were maintained and strengthened by the Company's initiatives in the fields of sport and culture.

Gisovu Tea Company Limited

The Management of Gisovu Tea Company Limited (Gisovu) Rwanda was taken over by Borelli on 24th February 2011. During the year, formalities relating to acquisition of 60% shares of Gisovu from the Government of Rwanda were completed. The Company earned a post tax profit equivalent to Indian Rs.1074 lakhs from the date of acquisition till end of the year.

Improvement of cultivation practice coupled with favorable weather, Gisovu achieved record production of 19 lakh kgs of made tea. An increase of 15.09% compared with the previous highest crop ever recorded in Gisovu.

Gisovu continued to manufacture teas of the highest standard in East Africa and realised the highest African average sales price of USD 3.39 against the previous year's price of USD 3.16. Rwandan average (auction) for the year of operation was USD 2.71. The Company was acclaimed and awarded the prize for the best sale samples in East Africa, an award presented by President Kibaki of Kenya at the East African Tea Conference held in Mombasa.

The Factory expansion project was sanctioned in December. Machines have been ordered and will reach the Estate shortly.

Gisovu was 'Rainforest Alliance' certified during the year. It is already IS0 9001 certified.

Gisovu has endeavored to maintain CSR activities in its area of operation. Removal of child labour was accomplished and these children are now either in vocational training or schools supported by the Company. The Company has also been instrumental in arranging educational material in the local sector schools and has distributed these free of cost. Arrangements have also been made for teaching material for vocational courses like Carpentry and Masonry kits.

Good Industrial relations with the local Cooperatives were maintained.

McLeod Russel Middle East DMCC

McLeod Russel Middle East DMCC (MRME) was incorporated on 9th May 2011 in Dubai, UAE as a wholly owned subsidiary of Borelli. The principal business of the Company is trading in tea. During the period ended 31st March 2012, the Company incurred a net loss equivalent to Indian Rs.99 lakhs, being the first year of its operations. The Company commenced its trading business from the second half of the financial year. MRME is expected to perform better during the financial year 2012-13.

D1 Williamson Magor Bio Fuel Limited

D1 Williamson Magor Bio Fuel Limited (D1WML) was incorporated under a 50:50 joint venture agreement between Williamson Magor & Co. Limited (WML) and D1 Oils Trading Ltd. UK to facilitate development of Jatropha Plantation under contract farming arrangements for production of bio diesel from Jatropha oilseeds. Being an associate of WML your Company presently holds 34.30% of the equity capital of D1WML.

The plantation developed by the Company under contract farming arrangements has been undergoing through initial gestation period at various levels of maturity. The farmers in North East are finding it difficult to maintain the plantation with excessive weed growth. In view of this the Company has scaled down the level of activities in North East and abandoned the plantation in Tripura. The plantation in Jharkhand, though has delayed growth is gradually becoming productive and there has been notable increase in oilseed harvest. The Company has focused its operation in Jharkhand. The longer gestation period of Jatropha plantation and the poor yield as compared to initial indication has been a global phenomenon for which all companies are adversely affected.

In view of this the Company has decided to process Jatropha Oilseed on third party installation and defer the investment in manufacturing facilities until the volume increases for commercial processing. Accordingly, the Company has surrendered the land taken on lease from Assam Industrial Development Corporation, for factory in Industrial Growth Centre, Balipara, Assam. The Company has reduced its overhead cost to the present scale of operation to manage the plantation and the working capital with the fund available in the Company.

Corporate Social Responsibility

The philosophy of your Company towards fair governance going hand-in-hand with social responsibilities is deeply embedded in its day to day working. The Company has, over the years, successfully formulated a methodology aimed towards improving the environment, which surround the units of the Company and thereby enriching the society.

Your Company has continued with and improved upon the already commendable standard of medical care to the families of its employees, as also to the population resident around its tea estates. The Company also conducts out-reach programmes to cover the medical needs of certain remote areas accessible from its tea estates. The Company continues to render assistance both monetarily and with man power, to hold regular camps for eye-related needs. Your Company received immense support from Sri Sankardeva Nethralaya and District Health Departments in this initiative. There were around 1,000 persons who underwent Cataract Operation. About 20 persons were also treated under 'Operation Smile' for their Cleft Lip. Your Company continues to support the Moran Blind School as in previous years. Your Company is, in a small way, also assisting an organisation which is providing service in the form of education and health-care for children who are challenged with hearing problems.

The tea estates of the Company have Schools of varying capacities, both in terms of numbers and quality. This is an endeavour which your Company tries to improve upon ceaselessly. It also assists Schools in and around its business units.

The Williamson Magor Education Trust was formed with the purpose of advancement of Education in India. This broad objective encompassed the intent to assist with scholarships, stipends and other aid, and to assist and maintain Schools, Colleges, Hostels established by the Trust. Also embedded in the objectives, was assistance towards maintenance of libraries, reading rooms and the advancement of Literature in general. Over the years, the Trust with generous donations from your Company has awarded over one hundred scholarships to well-deserving students selected by an autonomous Expert Committee and Selection Board. These students have since moved ahead in life, and have been able to improve their standard of living as also of people around them. Your Company regularly provides financial and other assistance to the Trust to enable it to achieve its noble objectives. It is with this philosophy that Assam Valley School was formed by the Trust several years ago. The School is now rated amongst the top residential Schools in India, and the first in the North East with Pan-Indian recognition.

Each year under the aegis of Assam Valley Literary

Award, the Trust confers upon an eminent living Assamese litterateur, an award consisting of a Trophy, citation and a cash award. The Annual Awards function, which is organised by your Company in association with the Trust, is regarded as one of the important social events of Assam. This year the award was bestowed upon Shrimati Purobi Bormudoi a prominent writer with large readership in Assam. The selection, as in earlier years, was made by a completely autonomous Committee of Assam's most famous writers and poets. A truly notable initiative, The Assam Valley Literary Award has become one of the most prestigious functions in Assam, attended by a cross-section of society comprising eminent litterateurs, prominent personalities, Government Officials, representatives from trade and commerce, tea industry and the press. The function is widely covered by print and electronic media.

The Company gives importance to the preservation of the natural habitat around its tea estates and engages in several programmes and initiatives to preserve the bio-diversity in its surrounding areas. The Company has a commendable tree planting programme, soil preservation programme and participates in the Ethical Tea Partnership Programmes, which is a global initiative. Your Company is sensitive to the requirements of world bodies which regulate cultivation and manufacturing practices which in turn benefits the environment and thereby the society at large. The future of the world depends on preservation, and your Company exercises extreme care towards this end. A smaller but significant social measure is the Heritage conservation, which your Company has been supporting over a long period of time.

Your Company is continuing its support to the Bodo Handloom Scheme in Mangaldai which leads to gradual empowerment of women and promotion of local handicraft both at the tea estates and village level. It also supports a programme for financial assistance towards education of some under-privileged children in Kolkata, as also makes suitable contributions to a recognised Institution in Kolkata, which addresses the needs of children challenged by Cerebral Palsy. The Company has been generously contributing towards promotion of Kolkata Museum of Modern Art ('KMOMA'), a Museum of international standard being set up at Kolkata.

Directors

Since the last Report Mrs. Ramni Nirula was appointed as an Additional Director with effect from 15th September 2011. In terms of Article 120(1) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 Mrs. Nirula holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a Notice in writing pursuant to Section 257(1) of the Companies Act, 1956 from a Member signifying his intention to propose Mrs. Nirula for appointment to the office of Director at the ensuing Annual General Meeting.

In accordance with the provisions of the Articles of Association of the Company, Mr. R. Takru, Mr. K. K. Baheti and Mr. S. N. Menon will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Cost Audit

The Company is required to get its cost accounts maintained under section 209(1)(d) of the Companies Act, 1956 in respect of plantation products audited in terms of an Order issued by the Ministry of Corporate Affairs (MCA). The cost audit of the Company is conducted by four firms of Cost Accountants appointed with the approval of MCA in the manner provided in the General Circular No.15/2011 dated 11th April 2011 issued by MCA. In terms of the said Circular, full particulars of the Cost Auditors as also other details pertaining to the cost audit are annexed.

Auditors

Messrs. Price Waterhouse retires as the Auditors at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

Management Discussion & Analysis Report and Report on Corporate Governance

As required in terms of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and a Report on Corporate Governance are annexed forming part of this Report.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 (the Act) the Directors state as follows:

1. That in the preparation of the annual accounts for the financial year ended 31st March 2012, the applicable accounting standards had been followed with no material departures;

2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. That the Directors had prepared the annual accounts on a going concern basis.

Conservation of Energy and Technology Absorption

A statement giving details of conservation of energy and technology absorption in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is annexed.

Particulars of Employees

A statement of particulars of employees as required under section 217(2A) of the Act forms a part of this Report as a separate Annexure. In terms of section 219(1)(b)(iv) of the Act, this Report is being sent to all Members without the said Annexure. Any Member interested in taking inspection or obtaining a copy of the statement may contact the Secretary of the Company at its Registered Office during working hours.

Employee Relations

The Company has a large work force employed on tea estates. The welfare and well being of the workers are monitored closely and harmonious relations with its employees are being maintained.

Industrial relations remained cordial throughout the year and your Board of Directors wish to place on record its appreciation for the dedicated services rendered by the executives, staff and workers at all levels and for the smooth functioning of all estates. The policy of transparency and recognition inspired the employees to contribute their best efforts for the Company.

For and on behalf of the Board

A. Khaitan	**K. K. Baheti**
Managing Director	*Wholetime Director*

Place : Kolkata
Date : 28th May 2012

ANNEXURE TO THE DIRECTORS' REPORT
2011-2012

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March 2012.

A. Conservation of Energy

- The Company has installed energy efficient machines in the tea estates. Withering facility was enhanced on four estates. Fifteen Rotorvanes, fourteen CTC machines, twenty CFM, twelve VFBDs, four coal stoves and six boilers were installed in various estates. This would reduce the energy consumption in tea factories with improved productivity of machinery resulting in lesser hours of manufacture.
- Eight diesel generating sets and two gas generating sets were installed.
- The energy consumption for domestic purposes has been rationalised through creation of awareness and regular monitoring.

B. Power & Fuel Consumption

	Year ended 31.03.2012	Year ended 31.03.2011
1. Electricity		
(a) Purchased:		
– Units (Kwh)	56658427	56789769
– Total Amount (Rs.)	389143633	353360325
– Rate/Unit (Rs.)	6.87	6.22
(b) Own Generation:		
Through Diesel Generator		
– Units (Kwh)	18015027	13298870
– Units per Litre of Diesel oil	3.13	3.02
– Cost/Unit (Rs.)	13.51	12.49
2. Coal		
– Quantity (Tonnes)	45124	45023
– Total Amount (Rs.)	246931742	212796993
– Average Rate (Rs.)	5472.29	4726.42
3. Furnace Oil		
– Quantity (Litres)	76572	203925
– Total Amount (Rs.)	3127437	7086002
– Average Rate (Rs.)	40.84	34.75
4. Total Power and Fuel consumption Per unit of production of Tea		
– Saleable Production – Tea (Kgs)	79308106	74871720
– Electricity (Kwh)	0.94	0.94
– Furnace Oil (Litre)	0.00	0.00
– Coal (Kgs)	0.57	0.60
– Others (Rs.)	1.99	1.85

C. Research and Development

The Company continues with the policy of reviewing clone blends to improve the yield and quality of tea estates.

The production of Vermicompost was increased by tea estates to improve the organic status of the soil. This will result in improving the yield in all areas of extension and replanted teas.

Expenditure on Research & Development

	Year ended 31.03.2012	Year ended 31.03.2011
(a) Capital (Rs. lakhs)	Nil	Nil
(b) Revenue (Rs. lakhs)	113.89	114.84
(c) Total (Rs. lakhs)	113.89	114.84
(d) Total R&D Expenditure as % of turnover	0.09	0.11

D. Technology Absorption, Adaption & Innovation

- The Company undertakes modernisation and upgradation of factories on a regular basis with improved technology.
- Seminars, workshops and group discussions with regular flow of feedback from field and factory workers are held regularly.
- Efficient training of Staff with a definite approach towards improving their efficiency are conducted regularly.
- Innovative achievements of the operating people in the agriculture and manufacture of tea are highly encouraged in the Company's interest.

E. Foreign Exchange Income & Outgo

During the year, the Company's direct exports were 235.58 lakh kgs (2010-2011: 210.28 lakh kgs) of Tea.

	Year ended 31.03.2012	Year ended 31.03.2011
Foreign Exchange Earnings (Rs. lakhs)	40,263.38	32,791.20
Foreign Exchange Outgo (Rs. lakhs)	2,439.19	2,494.60

For and on behalf of the Board

Place : Kolkata
Date : 28th May 2012

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

PARTICULARS OF COST AUDITORS AND DETAILS OF FILING OF COST AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2011

Details of Cost Auditor	Units (Tea Estates) Audited	Due Date of Filing	Actual Date of Filing
Name: Mani & Co. Address: Ashoka 111, Southern Avenue Kolkata-700 029. Registration No. allotted by ICWAI : 00004	Dekorai, Mijicajan, Pertabghur, Monabarie, Behali, Dufflaghur, Halem, Nya Gogra, Bargang, Boroi.	27th September 2011	6th September 2011
Name: SPK Associates Address: Kailash Apartment P-89, C.I.T. Road (IV M) Beliaghata Kolkata-700 010. Registration No. allotted by ICWAI : 00040	Bhooteachang, Dimakusi, Addabarie, Tarajulie, Tezpore & Gogra, Harchurah, Phulbari, Rupajuli, Rajmai, Dirai, Attabarrie, Lepetkatta, Moran, Sepon.	27th September 2011	17th September 2011
Name: Kumar & Associates Address: Vedanta 44C, Dharmatala Flat – 2B Kolkata-700 042. Registration No. allotted by ICWAI : 00250	Attareekhat, Borengajuli, Corramore, Paneery, Bukhial, Hunwal, Behora, Bogapani, Dehing, Dirok, Margherita, Namdang, Bessakopie, Raidang, Samdang, Daimukhia.	27th September 2011	9th September 2011
Name: DGM & Associates Address: 9-B Arpuli Lane Kolkata-700 012 Registration No. allotted by ICWAI : 00038	Mahakali, Dirial, Itakhooli, Keyhung, Baghjan, Bordubi, Koomsong, Phillobari, Bhatpara, Central Dooars, Chuapara, Jainti, Jaibirpara, Mathura.	27th September 2011	6th September 2011

For and on behalf of the Board

Place : Kolkata
Date : 28th May 2012

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

India is the largest black tea producer in the world, producing around approximately 988 million Kgs during calendar year 2011 representing 38% of the global black tea production. Black tea production by other main tea producers during 2011 was Kenya (377 million kgs), Sri Lanka (328 million kgs), other African countries (168 million kgs), Vietnam (145 million kgs), Indonesia (57 million Kgs) and Bangladesh (59 million kgs).

Kenya and other African countries had dry weather conditions upto March 2011 thereby, lost around 22 million kgs of crop as compared to 2010. India however, gained 21 million kgs of crop during 2011 as compared to the previous year due to ideal weather condition upto October 2011. Strong consumption growth, low inventory and normal production has helped in maintaining the prices in domestic market during the year. Prices in global markets were positive to stable due to lower production in Kenya. Cost in India has gone up by Rs. 8/- on account of revision in wages in Assam and increase in prices of power and fuel.

Opportunities and Threats

India and global tea production is likely to remain stagnant to very insignificant growth in next few years due to negligible addition of land under tea cultivation by organised sector. Demand however, is expected to increase by 2 to 3 % per annum thereby creating further shortages and lower inventory levels. Indian exports fell by 8 million kgs during 2011 on lower demand of orthodox tea from Iran. Gradual change in the weather condition in the tea growing area may affect in the production. Depreciating currency in India during 2011 had a positive impact, however any reversal of the trend may impact export realisation.

Risk and Concerns

The Tea Industry is largely dependent on the vagaries of nature. The Industry is highly labour intensive and is subject to stringent labour laws. Comparatively high labour costs, high social cost over most other tea producing countries, high infrastructure costs and increasing energy and other input costs remain the major problems for the Indian Tea Industry. Shortage of labour during peak season in some pockets is also a cause for concern.

These problems need to be addressed by improved productivity and energy conservation. The Tea Industry both in Assam and West Bengal have discussed with the Trade Unions and implemented productivity linked wages for the tea workers with a view to regain the Industry's competitiveness in the global market. Tea industry in Assam had signed an agreement with Labour Union in Assam for the period 1st January 2012 to December 2014.

The Special Purpose Tea Fund (SPTF) has been set up by Commerce Ministry to implement uprooting and replanting programme which would help improvement in the productivity and yield thereby reduce cost in the coming years. The small tea growers and bought leaf factories form a considerable part of the Industry. A recent compilation of figures shows a total production of around 100 million kgs. through these bought leaf factories in North India. There is a need to regulate these factories to maintain the quality. The Industry is also subject to taxation from the State Government as well as Central Government and while the level of direct taxes has come down over a period, some of the State levies like cess on green leaf in Assam and substantial increase in Land Revenue charges put the industry at a very disadvantageous position.

To mitigate various types of risks that the Company has to face, the Board of Directors of the Company has adopted a Risk Management Policy and implemented the same at the Tea Estates and at Head Office of the Company. In view of fluctuations in foreign exchange and interest rates, the Company has adopted a specific Risk Management Policy to address the risks concerning the foreign exchange and derivative transactions. The Company has introduced Hazard Analysis and Critical Control Points (HACCP) at all the Tea Factories to ensure better quality product.

Outlook

Dry weather condition across all black tea producing countries has affected the production during the 1st Quarter of calendar year 2012. Tea production in these countries is estimated to be lower by 35 million kgs upto March. Production in India during calendar year 2012 is expected to be lower as compared to previous year due to loss of crop of 12 million kgs in the 1st Quarter. Significantly lower inventory in India, production shortfall and strong consumption growth should have positive impact on prices during 2012-13. Tea prices in India are currently ruling higher by Rs. 30/- per kg as compared to last year. Increase in wages, normal increase in inputs and loss of crop during March and April will have its impact on the cost during the current Financial Year.

Internal Control Systems and their Adequacy

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. Three independent firms of Chartered Accountants carry out the internal audit at the Tea Estates on a regular basis. Another firm of Chartered Accountants conducts internal audit at the Head Office.

The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews Audit Reports submitted by the internal auditors. Suggestions for improvement are considered and the Audit Committee follows up the implementation of corrective actions. The Committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time. The Risk Management Policy adopted by the Company has further strengthened the internal control system.

Finances

Financial ratios have improved substantially over last couple of years. Gross debt (consolidated) as on 31st March, 2012 amounted to Rs. 263 crores as compared to Rs.316 crores as on 31st March, 2011. Internal generations have been used to reduce the debt by Rs. 53 crores during the year.

Human Resources

Tea Industry is highly labour intensive. The Company employs over 80,000 personnel at its Tea Estates and other establishments in India. Employee relations remained satisfactory during the period under review. The Company would like to record its appreciation of the wholehearted support and dedication from the employees at all levels in maintaining smooth production and manufacture of tea from all the Tea Estates during the year.

Cautionary Statement

Statements in the Management Discussion and Analysis Report in regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Market data and product information contained in this Report have been based on information gathered from various published and unpublished reports, and their accuracy, reliability and completeness cannot be assured.

For and on behalf of the Board

A. Khaitan	**K. K. Baheti**
Managing Director	*Wholetime Director*

Place : Kolkata

Date : 28th May 2012

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy

The Company's philosophy on Corporate Governance is aimed at efficient conduct of its operations and in meeting its obligations towards various stakeholders such as Customers, Vendors, Employees, Shareholders and Financiers and to the Society at large. The Company is in the business of cultivation and production of Tea and is one of the major producers of Tea in the world. The Company endeavours to produce quality Tea that consistently commands respect, trust and loyalty throughout the world by way of sustained efforts, research and development in plantation and adoption of latest technology. The Company strives for successful management of contingencies like drought and flood. While it is the endeavour of your Company to continue to produce Tea of premium quality to the satisfaction of its Customers worldwide, it also gives due importance to its obligations to the large workforce that it employs on the Tea Estates. The Company runs a business that has a human face and values the environment, people, products, plantation practices, customers and shareholders. The Company believes in achieving its goals, which result in enhancement of Shareholders' value through transparency, professionalism and accountability and nurture these core values in all aspects of its operations.

2. Board of Directors

i. Composition

The Board of Directors of your Company as on 31st March 2012 consisted of twelve Directors as under:

- Two Non-Executive Directors being the Chairman & Vice Chairman
- Four Wholetime Directors including the Managing Director
- Six Non-Executive Independent Directors.

The Board has an optimum combination of Executive and Non-Executive Directors and half of the Board consisted of Independent Directors. No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956, except Mr. D. Khaitan and Mr. A. Khaitan who are brothers and are also sons of Mr. B. M. Khaitan.

ii. & iii. Attendance at the Board Meetings/last AGM, Directorship and Chairmanship/ Membership in other Board/Board Committees

Name and category of the Directors on the Board, their attendance at Board Meetings held during the financial year ended 31st March 2012, number of Directorships and Committee Chairmanships/Memberships held by them in other public limited companies are given below. Other Directorships do not include alternate Directorships, Directorship in Private Limited Companies and Companies under Section 25 of the Companies Act, 1956 and of the Companies incorporated outside India. Chairmanship/Membership of Board Committees relates to only Audit and Shareholders'/ Investors' Grievance Committees.

Name of Directors	Category	No. of Board Meetings		Whether attended last AGM held on 29th July 2011	No. of Director-ships in other public limited companies	No. of Committee positions held in other public limited companies	
		Held during the year	Attended			As Chairman/ Chairperson	As Member (#)
Mr. B. M. Khaitan	Non-Executive Chairman	4	4	Yes	5	–	1
Mr. D. Khaitan	Non-Executive Vice-Chairman	4	3	Yes	7	–	1
Mr. A. Khaitan	Managing Director	4	4	Yes	7	1	2
Dr. R. Srinivasan	Non-Executive & Independent	4	4	Yes	6	3	8
Mr. B. Bajoria	Non-Executive & Independent	4	3	Yes	7	–	1
Mr. R. Sen	Non-Executive & Independent	4	4	Yes	1	–	–
Mr. U. Parekh	Non-Executive & Independent	4	4	Yes	6	–	3
Mr. S. N. Menon	Non-Executive & Independent	4	2	No	7	–	3
Mr. R. Takru	Wholetime Director	4	4	Yes	3	–	–
Mr. A. Monem	Wholetime Director	4	3	Yes	–	–	–
Mr. K.K. Baheti	Wholetime Director	4	4	Yes	8	–	2
*Mrs. R. Nirula	Non-Executive & Independent	4	2	No	8	2	5

(#) Including Chairmanship, if any.

**Appointed as a Director w.e.f. 15.09.2011.*

None of the Directors on the Board is a Member of more than 10 Committees or Chairman/Chairperson of more than 5 Committees as specified in Clause 49, across all the companies in which he/she is a Director. The Directors have made necessary disclosures regarding Committee positions held in other public limited companies.

iv. Number & Dates of Board Meetings/Date of last AGM held

a) Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

   30th May 2011, 29th July 2011, 1st November 2011 and 30th January 2012.

   The last Annual General Meeting of the Members of the Company was held on 29th July 2011.

b) Necessary information where applicable as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration.

3. Audit Committee

i. The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and in Section 292A of the Companies Act, 1956. Brief descriptions of the terms of reference of the Audit Committee are as follows:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and the fixation of audit fees, and also approval for payment of any other services rendered by the statutory auditors.

c) Discussion with the statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

d) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.

e) Reviewing, with the management, the quarterly financial Results before submission to the Board for approval.

f) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

   - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause 2AA of Section 217 of the Companies Act, 1956.
   - Changes, if any, in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on exercise of judgment by management;
   - Significant adjustments made in the financial statements arising out of audit findings;
   - Compliance with listing and other legal requirements relating to financial statements;
   - Disclosure of any related party transactions;
   - Qualifications in the draft audit report.

g) Reviewing the adequacy of internal audit function.

h) Discussion with internal auditors of any significant findings and follow-up thereon.

i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

j) Looking into the reasons for substantial defaults in payments to the shareholders and creditors.

k) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

ii. Composition

The Audit Committee of the Board as on 31st March 2012 consisted of Dr. R. Srinivasan, Messrs. B. Bajoria, R. Sen and S. N. Menon. Dr. R. Srinivasan, a Non-Executive Independent Director, having adequate financial and accounting qualification and expertise, is the Chairman of the Audit Committee. The other members of the Committee are also financially literate. The Committee consists of four Non-Executive Independent Directors.

Mr. A. Guha Sarkar, Vice President & Company Secretary acts as the Secretary to the Committee.

iii. Meetings and attendance during the year

The particulars of meetings attended by the members of the Audit Committee during the financial year ended 31st March 2012 are given below:

Name of Directors	Category	No. of Meetings	
		Held during the year	Attended
Dr. R. Srinivasan, Chairman	Non-Executive & Independent	4	4
Mr. B. Bajoria	Non-Executive & Independent	4	3
Mr. R. Sen	Non-Executive & Independent	4	4
Mr. S. N. Menon	Non-Executive & Independent	4	2

Four Meetings of the Audit Committee were held during the financial year ended 31st March 2012. The dates on which the Audit Committee Meetings were held are as follows:

30th May 2011, 29th July 2011, 1st November 2011 and 30th January 2012.

The necessary quorum was present at all the Meetings.

4. Remuneration Committee

i.Brief description of terms of reference

The broad terms of reference of the Remuneration Committee are as follows:

(a) to approve/recommend to the Board of Directors the remuneration package of the Managing Director and Wholetime Directors and also to recommend remuneration payable to the Non-Executive Directors.

(b) to approve, in the event of loss or inadequacy of profits in any year, the minimum remuneration payable to the Managing Director and Wholetime Directors within the limits and subject to the parameters prescribed in Schedule XIII to the Companies Act, 1956.

ii. Composition

The Remuneration Committee of the Board as on 31st March 2012 comprised Mr. B. Bajoria, a Non-Executive Independent Director, as the Chairman, Dr. R. Srinivasan and Mr. R. Sen, Non-Executive Independent Directors as its Members.

iii. Attendance during the year

One Meeting of the Remuneration Committee was held on 1st April 2011 during the financial year ended 31st March 2012.

Name of Directors	Category	Attended
Mr. B. Bajoria, Chairman	Non-Executive & Independent	1
Dr. R. Srinivasan	Non-Executive & Independent	1
Mr. R. Sen	Non-Executive & Independent	1

iv. Remuneration Policy

The Managing Director and Wholetime Directors are appointed by the Board at such remuneration as approved by the Remuneration Committee and confirmed by the Board subject to the Shareholders' approval in a General Meeting.

In terms of the decision taken by the Board on 28th July 2009, each Non-Executive Director is entitled to a sitting fee of Rs. 20,000/- for each meeting of the Board or any Committee thereof attended by him.

Besides the sitting fees as aforesaid, the approval of the shareholders by a Special Resolution passed at the Annual General Meeting held on 29th July 2011 enables the Company to pay commission to its non-executive Directors, subject to the aggregate limit of 1% of the net profit (restricted to Rs. 2,50,000/- per Director, as approved by the Board) of the Company computed in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 for each of the five financial years commencing from 1st April 2011.

v. Details of Remuneration to All the Directors

a) The details of remuneration for the financial year ended 31st March 2012 to the Non-Executive Directors and their shareholding in the Company are as under:

Name of Directors	Sitting Fees (Rs.) for Board Meetings (#)	Sitting Fees (Rs.) for Committee Meetings (#)	Commission (#) (Rs.)	No. of Shares held as on 31st March 2012 (#)
Mr. B. M. Khaitan	80,000	–	2,50,000	36,288
Mr. D. Khaitan	60,000	–	2,50,000	11,818
Dr. R. Srinivasan	80,000	1,00,000	2,50,000	–
Mr. B. Bajoria	60,000	1,20,000	2,50,000	1,400
Mr. R. Sen	80,000	1,40,000	2,50,000	133
Mr. U. Parekh	80,000	40,000	2,50,000	–
Mr. S. N. Menon	40,000	40,000	2,50,000	–
Mrs. R. Nirula*	40,000	–	1,35,929	–
Total	**5,20,000**	**4,40,000**	**18,85,929**	**49,639**

(#) Other than the above there is no pecuniary relationship or transactions with any of the Non-Executive Directors.

** Appointed as a Director w.e.f. 15.09.2011.*

The Company has not issued any convertible instruments.

b) Details of Remuneration for the financial year ended 31st March 2012 to the Managing Director and Wholetime Directors are given below:

	Mr. A. Khaitan Rs.	Mr. R. Takru Rs.	Mr. A. Monem Rs.	Mr. K.K. Baheti Rs.
Salary	1,20,00,000	48,00,000	48,00,000	48,00,000
Contribution to Provident Fund and other Funds	32,40,000	12,96,000	12,96,000	12,96,000
Bonus and Allowances	77,46,484	59,80,000	59,80,000	59,80,000
Monetary value of Perquisites	18,63,800	2,04,398	1,66,215	1,29,941
Period of appointment	3 years w.e.f. 01.04.2011	3 years w.e.f. 01.04.2011	3 years w.e.f. 01.04.2011	3 years w.e.f. 01.04.2011
Notice period	3 months	3 months	3 months	3 months
Severance fees	Not specified	Not specified	Not specified	Not specified

5. Shareholders'/Investors' Grievance Committee

i. Composition of the Committee and the Non-Executive Director heading the Committee

The Shareholders'/Investors' Grievance Committee of the Board as at 31st March 2012 consisted of three Members. Mr. R. Sen, a Non-Executive Independent Director, is the Chairman of the Committee. Mr. B. Bajoria and Mr. U. Parekh both Non-Executive and Independent Directors were the other Members of the Committee.

a) Brief description of the terms of reference

The terms of reference of the Committee are to look into redressal of Shareholders'/Investors' complaints relating to non-receipt of notices, share certificates, annual reports, dividends, transfer of shares, dematerialization of shares and other grievances.

b) Meetings and attendance during the year

During the financial year two Meetings of the Shareholders'/Investors' Grievance Committee were held on 1st November 2011 and 29th March 2012 and the attendance of Members are as follows:

Name of Directors	Category	Attended
Mr. R. Sen, Chairman	Non-Executive & Independent	2
Mr. B. Bajoria	Non-Executive & Independent	2
Mr. U. Parekh	Non-Executive & Independent	2

ii. Name and designation of the Compliance Officer: Mr. A. Guha Sarkar
Vice President & Company Secretary
McLeod Russel India Limited
Four Mangoe Lane
Surendra Mohan Ghosh Sarani, Kolkata 700001

iii. Details of Complaints received, redressed and pending during the financial year ended 31st March 2012

Pending at the beginning of the year	Received during the year	Redressed/Replied during the year	Pending at the year end
Nil	88	88	Nil

6. General Body Meetings

i. Location and time of last three Annual General Meetings:

Financial Year ended	Date	Time	Venue
31.03.2009	28.07.2009	11.00 a.m.	Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017
31.03.2010	02.08.2010	11.00 a.m.	Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017
31.03.2011	29.07.2011	11.00 a.m.	Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017

ii. Special Resolutions passed in the previous three AGMs.

AGM held on	Special Resolution passed:
28.07.2009	None
02.08.2010	A Special Resolution was passed pursuant to provisions of Section 31 altering the existing Article 5 of the Articles of Association of the Company so as to empower the Company to buy back its own fully paid shares out of its free reserves or securities premium at the appropriate time in future subject to the provisions of Sections 77A, 77AA, and 77B of the Companies Act, 1956.
29.07.2011	A Special Resolution pursuant to the provisions of Section 309(4) of the Companies Act, 1956 for payment of remuneration by way of commission to the Non-Executive Directors.

iii. No Special Resolution was passed during the financial year ended 31st March 2012 through Postal Ballot.

iv. Resume and other information regarding the Directors being re-appointed as required under Clause 49 IV(G)(i) of the Listing Agreement have been given in the Notice of the Annual General Meeting annexed to this Annual Report.

7. Disclosures

i) Transactions with the related parties have been disclosed in Note No.12 of Schedule 17 to the Accounts in the Annual Report for the year under review.

ii) The Company has complied with all the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the financial year. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the financial years ended 31st March 2010, 31st March 2011 and 31st March 2012.

iii) a) The Company has adopted separate Codes of Conduct ('Code') for the Members of the Board and Senior Management Personnel as required under Clause 49 of the Listing Agreement. All the Board Members and the Senior Management Personnel have affirmed compliance of the Code. The Annual Report of the Company contains a declaration to this effect signed by the CEO. The Company has also adopted a Code for Prohibition of Insider Trading.

All the aforesaid Codes have been posted on the Company's Website.

b) The Company has obtained Certificate from the Statutory Auditors on compliance of Clause 49 of the Listing Agreement and a copy of such Certificate is attached to this report.

iv) The Company has laid down a procedure for risk assessment and minimization thereof. The Company maintains a Risk Register wherein the various risks the Company is exposed to and the steps for mitigation thereof are recorded.

v) All the mandatory requirements have been appropriately complied with and the non-mandatory requirements are dealt with at the end of this Report.

8. Means of Communication

i. **Quarterly Results and publication thereof in newspapers.**

Quarterly, half-yearly and annual results are published in prominent dailies which inter alia include Business Standard (English), The Economic Times (English) and Aajkal (Bengali) in the form prescribed by Clause 41 of the Listing Agreements with the Stock Exchanges.

ii. **Display in Website**

Financial Results, Shareholding Pattern, Information Update etc., are displayed on the Company's Website www.mcleodrusselindia.com

iii. **Display of Official news and presentation made to the Shareholders/ Institutional Investors/Analysts:**

Press releases and Information Updates as and when made are displayed in the Company's website and also sent to the Stock Exchanges to enable them to put the same on their own websites.

iv. **Management Discussion and Analysis forms a part of the Company's Annual Report.**

9. General Shareholders' Information

i. **14th Annual General Meeting**

Date and Time : 27th July 2012 (Friday) at 11.30 a.m.

Venue : Kala Mandir
48, Shakespeare Sarani,
Kolkata – 700 017

ii. **Financial Year** : 1st April to 31st March.

iii. **Dates of Book Closure**

The Share Transfer Books and Register of Members of the Company will remain closed from 19th July 2012 to 27th July 2012 (both days inclusive) for the purpose of the Annual General Meeting of the Company and payment of Dividend.

iv. Dividend Payment Date

The Dividend, if declared, shall be paid/credited on or after 31st July 2012.

v. Listing on Stock Exchanges

The Company's Shares are listed at the following Stock Exchanges and the Annual Listing Fees for the year 2012-2013 have been paid to all these Stock Exchanges.

Name of the Stock Exchange
1. Bombay Stock Exchange Limited [BSE]
2. National Stock Exchange of India Limited [NSE]
3. The Calcutta Stock Exchange Association Limited [CSE]

vi. Stock Code

Name of the Stock Exchanges [where the Company's Shares are listed]	Date of Listing of 5,59,05,402 Equity Shares of Rs.5/- each of the Company	Date of Listing of 4,25,25,000 Equity Shares of Rs.5/- each of the Company	Date of Listing of 99,07,305 Equity Shares of Rs.5/- each of the Company	Date of Listing of 11,18,028 Equity Shares of Rs.5/- each of the Company	Stock Code
BSE	28.07.2005	21.08.2006	09.11.2006	01.08.2008	532654
NSE	29.07.2005	28.08.2006	09.11.2006	18.08.2008	MCLEODRUSS
CSE	23.08.2005	31.08.2006	16.11.2006	24.09.2008	10023930

Demat **ISIN** for NSDL & CDSL: **INE 942G01012**

vii. Stock Price Data:

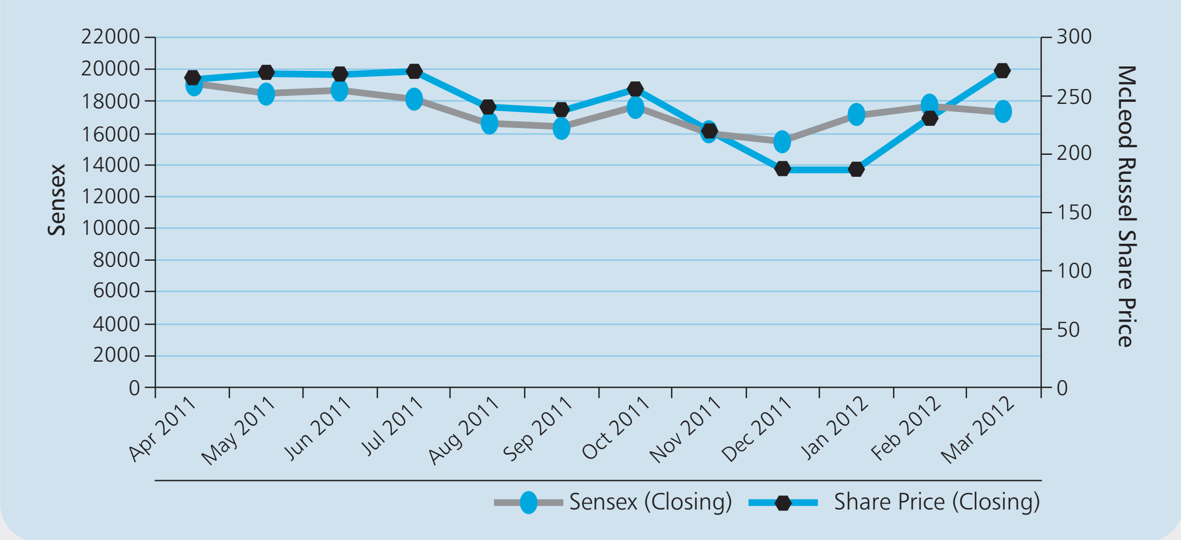
Month	Bombay Stock Exchange				National Stock Exchange	
	High Rs.	Low Rs.	Share Price (closing) Rs.	Sensex (closing)	High Rs.	Low Rs.
April 2011	286.40	252.00	263.65	19135.96	286.70	254.00
May 2011	276.80	246.00	269.20	18503.28	276.50	246.50
June 2011	279.35	246.20	269.15	18845.87	293.95	241.30
July 2011	289.65	248.00	271.65	18197.20	295.60	267.10
August 2011	278.75	216.15	241.20	16676.75	278.90	216.10
September 2011	261.00	226.10	237.70	16453.76	260.60	225.40
October 2011	265.75	220.50	256.90	17705.01	265.25	220.10
November 2011	260.45	207.00	220.95	16123.46	260.50	207.00
December 2011	231.95	165.50	188.70	15454.92	232.20	165.50
January 2012	202.75	175.50	187.75	17193.55	232.00	175.05
February 2012	241.50	185.50	232.25	17752.68	242.85	187.30
March 2012	279.65	227.30	273.10	17404.20	279.45	229.00

viii. Performance in comparison to BSE Sensex:

Share Price Performance (April 2011 to March 2012)

Share Price (Closing) Sensex (Closing)

Performance of McLeod Russel Share Price in Comparison for BSE sensex 2011-12



ix. Registrar and Share Transfer Agents:

In accordance with the SEBI directive vide Circular Nos. D&CC/FITTC/CIR-15/2002 dated 27th December 2002 the Company has appointed the following SEBI registered Agency as the Common Registrar and Share Transfer Agents of the Company for both the Physical and Dematerialized segments with effect from 14th March 2005:-

Maheshwari Datamatics Pvt Ltd.
6, Mangoe Lane, 2nd Floor
Surendra Mohan Ghosh Sarani, Kolkata – 700001.
Tel. : (033) 2243-5809; 2243-5029; 2248-2248
Fax : (033) 2248-4787 E-MAIL : mdpl@cal.vsnl.net.in

x. Share Transfer System:

The requests for transfer of shares held in physical mode should be lodged at the office of the Company's Registrar and Share Transfer Agents, Maheshwari Datamatics Private Limited (Registered with SEBI), 6 Mangoe Lane, 2nd Floor, Surendra Mohan Ghosh Sarani, Kolkata 700001 or at the Registered Office of the Company. The Board of Directors has unanimously delegated the powers of share transfer, transmission, sub-division, consolidation and issue of duplicate Share Certificate/s to a Share Transfer Committee comprising Messrs. R. Takru, A. Monem and K. K. Baheti in order to expedite transfer, transmission etc. in the physical form. The Committee meets once in every fortnight for approving Share Transfers and for other related activities. Share Transfers are registered and returned in the normal course within an average period of 21 days, if the transfer documents are found technically in order and complete in all respects.

The Company conducts a weekly review of the functions of the Registrar and Share Transfer Agent for upgrading the level of service to the Shareholders. Weekly review is also conducted on the response to the shareholders pertaining to their communication and grievances, if any.

xi. a) Distribution of shareholding as on 31st March 2012.

Size of holding	No. of holders	Percentage	No. of Shares	Percentage
1 to 500	54,717	92.75	56,41,646	05.16
501 to 1000	2,537	04.30	18,53,796	01.69
1001 to 2000	954	01.62	13,93,738	01.27
2001 to 3000	245	00.42	6,24,007	00.57
3001 to 4000	100	00.17	3,60,449	00.33
4001 to 5000	72	00.12	3,38,304	00.31
5001 to 10000	120	00.20	9,10,141	00.83
10001 and above	246	00.42	9,83,33,654	89.84
Total	**58,991**	**100.00**	**10,94,55,735**	**100.00**

(b) Shareholding Pattern as on 31st March 2012

Sr. No.	Category	Number of Shareholders	No. of Shares held	% of holding
1	Promoters	22	5,00,32,585	45.71
2	Mutual Funds/UTI	28	28,91,496	02.64
3	Financial Institutions/Insurance Companies/Banks	94	35,28,552	03.23
4	Central/State Government(s)	1	112	00.00
5	FIIs	129	3,54,00,020	32.34
6	Bodies Corporate	957	39,79,349	03.64
7	NRIs/OCBs	706	5,60,626	00.51
8	Resident Individuals	56,930	1,20,63,124	11.02
9	Trust	10	11,707	00.01
10	Clearing Member	114	9,88,164	00.90
	Total:	**58,991**	**10,94,55,735**	**100.00**

xii. Dematerialization of Shares and liquidity:

The Company's Shares form part of the SEBI's Compulsory Demat segment for all Shareholders/investors. The Company has established connectivity with both the Depositories viz. National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] through the Registrar, Maheshwari Datamatics Private Limited, 6 Mangoe Lane, 2nd Floor, Surendra Mohan Ghosh Sarani, Kolkata 700001. Requests for dematerializations of shares are processed and confirmations are being given to the respective Depositories.

As on 31st March 2012, 97.19% of the Company's equity shares of Rs. 5/- each representing 10,63,78,381 shares were in dematerialized form and the balance 2.81% representing 30,77,354 shares were in physical form.

xiii. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments:

The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments.

xiv. Plant Locations:

Tea manufacturing plants are located at the following Tea Estates –

Locations	Tea Estates
Assam:-	
Bishnauth	Dekorai, Mijicajan, Monabarie, Pertabghur
Dhunseri	Behora, Bukhial
Doom Dooma	Baghjan, Bordubi, Koomsong, Phillobari, Beesakopie/Daimukhia, Raidang, Samdang
East Boroi	Bargang, Behali, Boroi, Dufflaghur, Halem, Nya Gogra
Jorhat	Hunwal
Mangaldai	Attareekhat, Bhooteachang, Borengajuli, Corramore, Dimakusi, Paneery
Margherita	Bogapani, Dehing, Dirok, Margherita, Namdang
Moran	Attabarrie, Dirai, Lepetkatta, Moran, Rajmai, Sepon
Thakurbari	Addabarie, Harchurah, Nilpur, Phulbari, Rupajuli, Tarajulie, Tezpore & Gogra
Tingri	Dirial, Itakhooli, Keyhung, Mahakali
West Bengal:-	
Dooars	Bhatpara, Central Dooars, Chuapara, Jainti/Chuniajhora, Mathura/ Jaibirpara

xv. Address for correspondence for Share and related services:

Any assistance regarding Share transfers and transmission, change of address, non-receipt of share certificate/duplicate share certificate, demat and other matters and for redressal of all share-related complaints and grievances, the Members are requested to write to or contact the Registrar & Share Transfer Agents or the Share Department of the Company for all their queries or any other matter relating to their shareholding in the Company at the addresses given below:

i. The Company's Registered Office at :

McLEOD RUSSEL INDIA LIMITED

'Four Mangoe Lane', Surendra Mohan Ghosh Sarani, Kolkata – 700001.

TEL : 033-2210-1221, 033-2243-5391, 033-2248-9434, 033-2248-9435

FAX : 91-33-2248-3683, 91-33-2248-8114

E-Mail: administrator@wmg.co.in

ii. Registrar and Share Transfer Agents' Registered Office at:

Maheshwari Datamatics Pvt Ltd.
6, Mangoe Lane, 2nd Floor
Surendra Mohan Ghosh Sarani
Kolkata – 700001.
Tel. : (033) 2243-5809; 2243-5029; 2248-2248
Fax : (033) 2248-4787
E-mail: mdpl@cal.vsnl.net.in

In case of any difficulty, the Compliance Officer at the Registered Office of the Company may be contacted.

Special E-mail Id. : mcleod_investors@wmg.co.in

Compliance of Non-Mandatory Requirements

(i) The Board:

During the financial year ended 31st March 2012, a part of the expenses for maintenance of the office of the Non-Executive Chairman was borne by the Company.

(ii) Remuneration Committee:

The Company has a Remuneration Committee comprising Mr. B. Bajoria, Dr. R. Srinivasan and Mr. R. Sen as Members as stated in Paragraph 4 of this Report.

(iii) Shareholder Rights:

Half-yearly results including summary of the significant events are presently not being sent to the Shareholders of the Company.

(iv) Audit Qualification: Nil

(v) Training of Board Members:

The Company has not yet adopted any training programme for its Directors.

(vi) Mechanism for evaluating Non-Executive Board Members:

There is no mechanism for evaluating Non-Executive Board Members at present. All the Non-Executive Board Members are having requisite qualification and expertise in the respective functional areas.

(vii) Whistle Blower Policy:

There is no Whistle Blower Policy at present.

For and on behalf of the Board

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

Place : Kolkata
Date : 28th May 2012

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of McLeod Russel India Limited

We have examined the compliance of conditions of Corporate Governance by McLeod Russel India Limited, for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by The Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 the affairs of the Company.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

(P. Law)
Partner
Membership Number 51790

Place: Kolkata
Date: 28th May, 2012

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODES OF CONDUCT

This is to confirm that the Company has adopted two separate Codes of Conduct to be followed by the Members of the Board and Senior Management Personnel of the Company respectively in compliance with Clause 49 of the Listing Agreements with the Stock Exchanges. Both these Codes are available on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March 2012 received from the Members of the Board and Senior management personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Place : Kolkata
Date: 28th May, 2012

A. Khaitan
Managing Director

Auditors' Report to the Members of McLeod Russel India Limited

1. We have audited the attached Balance Sheet of McLeod Russel India Limited (the "Company"), as at 31st March, 2012, and the related Profit and Loss Statement and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. The aforesaid financial statements incorporate the transactions and balances relating to the Company's Marketing and Representative Office, United Kingdom, which we have audited on the basis of returns, records, information and explanations received from the said Marketing and Representative Office of the Company not visited by us during the year. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'the Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that :

3.1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.

3.2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them and/ or have been verified with reference to subsequent sale. In our opinion, the frequency of verification is reasonable.

(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

3.3 (a) The Company has granted unsecured demand loan to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year- end balance of such loan amounts to Rs 360.00 lakhs and Rs 360.00 lakhs respectively.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.

(c) In respect of the aforesaid loan, repayment of the principal amount and the payment of interest were not due at the year end.

(d) 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 Act.

3.4 In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the

Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.

3.5 (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 Act 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 contacts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

3.6 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.

3.7 In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

3.8 We have broadly reviewed the books of account maintained by the Company in respect of product where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

3.9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the undisputed statutory dues, including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. As explained by the Management, Employees' State Insurance Scheme is not applicable to the Company.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, as at 31st March, 2012 which have not been deposited on account of a dispute, are as follows :

Name of the statute	Nature of dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act	Sales Tax	0.82	2001-02	Deputy Commissioner of Taxes (Appeals)
	Sales Tax	2.23	2005-06	Deputy Commissioner of Taxes
Assam General Sales Tax Act	Sales Tax	23.32	1999-00	Gauhati High Court
Income Tax Act 1961	Tax Deducted at source and Interest (Refer Note 39 to Financial Statement)	4578.00	2005-06	CIT (Appeals)
	Fringe Benefit Tax	37.93	2007-08	CIT (Appeals)
Finance Act, 1994	Service Tax	75.48	2004-05 to 2007-08	Commissioner Central Excise

3.10 The Company has no accumulated losses as at 31st March 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceeding financial year.

3.11 According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank at the Balance Sheet date. The Company did not have any dues outstanding to any debenture holders or financial institutions as at the beginning of the year nor did it obtain any such loans during the year.

3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

Auditors' Report to the Members of McLeod Russel India Limited (contd...)

3.13 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.

3.14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.

3.15. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.

3.16. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis for the purposes for which they were obtained.

3.17. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, funds raised on a short term basis, aggregating Rs 9,016.54 lakhs, have been used for long-term investment in Tangible Assets and Long-term Loans and Advances.

3.18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.

3.19. The Company has not issued any debentures during the year; and does not have any debentures outstanding either as at the year end.

3.20. The Company has not raised any money by public issues during the year.

3.21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

4. Further to our comments in paragraph 3 above, we report that:

(a) 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;

(b) 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 and proper returns adequate for the purposes of our audit have been received from the Marketing and Representative Office not visited by us;

(c) The Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from the Marketing and Representative Office not visited by us;

(d) In our opinion, the Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

(e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

(f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

(ii) in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and

(iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

P.Law
Partner
Membership Number. 51790

Kolkata
28th May, 2012

Balance Sheet as at 31st March, 2012

	Note	31st March 2012		31st March 2011	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	5472.79		5472.79	
Reserves and Surplus	3	160667.50	166140.29	146662.08	152134.87
Non-current Liabilities					
Long - term Borrowings	4	4100.00		6400.00	
Deferred Tax Liabilities (Net)	5	6470.06		6351.25	
Long - term Provisions	6	7145.87	17715.93	7113.97	19865.22
Current Liabilities					
Short-term Borrowings	7	10401.23		6818.53	
Trade Payables	8	6930.67		5982.05	
Other Current Liabilities	9	9545.66		12771.14	
Short-term Provisions	10	11612.07	38489.63	10172.92	35744.64
TOTAL			222345.85		207744.73
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	11	147427.22		141856.91	
Intangible Assets	12	3187.50		3437.50	
Capital Work-in-Progress		2684.26		1363.67	
Intangible Assets under Development		399.34	153698.32	117.61	146775.69
[Refer Note 44]					
Non-Current Investments	13	24517.19		26036.00	
Long - term Loans and Advances	14	15135.51		10508.51	
Other Non-current Assets	15	2496.96	42149.66	2496.01	39040.52
Current Assets					
Inventories	16	7499.85		7040.32	
Trade Receivables	17	1465.16		1099.64	
Cash and Bank Balances	18	331.11		1269.23	
Short-term Loans and Advances	19	13243.12		10117.51	
Other Current Assets	20	3958.63	26497.87	2401.82	21928.52
TOTAL			222345.85		207744.73

This is the Balance Sheet
referred to in our report of even date

The notes are an integral part of these Financial Statements

For PRICE WATERHOUSE
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of the Board of Directors

P. Law
Partner
Membership Number 51790

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

A. Guha Sarkar
Company Secretary

Kolkata, 28th May, 2012

Profit and Loss Statement for the year ended 31st March, 2012

	Note	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
Revenue from Operations	21	123783.08	110111.00
Other Income	22	4271.35	3367.22
Total Revenue		**128054.43**	**113478.22**
Expenses:			
Cost of Materials Consumed	23	11256.54	8861.03
Changes in Inventories of Finished Goods	24	979.21	(1153.31)
Employee Benefits Expense	25	42621.48	38012.50
Finance Costs	26	4724.44	3380.83
Depreciation and Amortisation Expense	27	2940.14	2754.18
Other Expenses	28	38483.95	33465.76
Total Expenses		**101005.76**	**85320.99**
Profit before Exceptional Items and Tax		27048.67	28157.23
Exceptional Item	52	1381.97	-
Profit before Tax		25666.70	28157.23
Tax expense:			
Current Tax		5150.00	5150.00
Less: MAT Credit		(1022.19)	(839.00)
Provision/ (Write back) relating to earlier years		(607.46)	23.34
Deferred Tax		118.81	600.00
Profit for the Year		**22027.54**	**23222.89**
Earnings per Equity Share: [Nominal Value per share : Rs. 5/- (Previous Year : Rs. 5/-)]	40		
- Basic		20.12	21.22
- Diluted		20.12	21.22

This is the Profit and Loss Statement
referred to in our report of even date

The notes are an integral part of these Financial Statements

For **PRICE WATERHOUSE**
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of the Board of Directors

P. Law
Partner
Membership Number 51790

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

A. Guha Sarkar
Company Secretary

Kolkata, 28th May, 2012

Notes to Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual and prudent basis, except for certain tangible assets which are being carried at revalued amounts.

These financial statements have been prepared to comply, in all material aspects, with the applicable accounting standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

1.2 Tangible Assets

Tangible Assets are stated at acquisition cost or valuation net of accumulated depreciation and accumulated impairment losses, if any. Cost of extension planting is capitalised. An impairment loss is recognised wherever the carrying amount of the tangible assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

1.3 Intangible Assets

Intangible assets are stated at acquisition cost net of accumulated amortisation and accumulated impairment losses, if any. An impairment loss is recognised whenever the carrying amount of the intangible assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

1.4 Depreciation and Amortisation

Depreciation on straight line method is provided on book value of tangible Fixed Assets (other than Estate and Development and Freehold Land) in the manner and at rates as per Schedule XIV to the Companies Act, 1956. Items of fixed assets for which related actual cost do not exceed Rs.5,000 are fully depreciated in the year of purchase.

Intangible fixed assets are amortised on straight line method over their estimated economic life.

Additional charge of depreciation on amount added on revaluation is adjusted against Revaluation Reserve, wherever available.

1.5 Investments

Long Term Investments are stated at cost. Provision is made for diminution, other than temporary. Gains/losses on disposal of investments are recognised as income / expenditure.

1.6 Inventories

Inventories are valued as under :

- Stores and Spare Parts : At lower of cost (determined under weighted average method) and net realisable value.
- Finished Goods : At lower of weighted average cost (including attributable charges and levies) and net realisable value.

1.7 Revenue Recognition

Sale of products is recognised on completion of sale of goods. Sale includes tea claim and is net of sales return, sales tax etc. Other items are recognised on accrual basis.

1.8 Employee Benefits

(a) Short Term Employee Benefits:

These are recognised at the undiscounted amount as expense for the year in which the related service is rendered.

(b) Post Employment Benefit Plans:

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenditure for the year.

In case of Defined Benefit Plans, the cost of providing the benefit is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, if any, and as reduced by the fair value

Notes to Financial Statements *(Contd.)*

of plan assets, where funded. Any asset resulting from this calculation is limited to the present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan.

(c) Other Long Term Employee Benefits (Unfunded):

The cost of providing long-term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Statement for the period in which they occur. Other long term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

1.9 Borrowing Cost

Interest and other costs in connection with the borrowing of funds by the Company are recognised as an expense in the period in which they are incurred unless these are attributable to the acquisition and construction of qualifying assets and added to the cost up to the date when such assets are ready for their intended use.

1.10 Research and Development

Revenue expenditure on Research and Development is recognised as a charge to the Profit and Loss Statement. Capital expenditure on assets acquired for Research and Development is added to Fixed Assets.

1.11 Accounting for Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdiction.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.12 Transactions in Foreign Currencies

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of the transactions. Exchange differences arising on settlement of transactions and/or restatements are dealt with in the Profit and Loss Statement.

1.13 Derivative Instruments

The Company uses derivative financial instruments such as forward exchange contracts, currency swaps etc. to hedge its risks associated with foreign currency fluctuations relating to the underlying transactions, highly probable forecast transactions and firm commitments. In respect of Forward Exchange Contracts with underlying transactions, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract.

Other Derivative contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements. Any profit or losses arising on cancellation of derivative instruments are recognised as income or expenses for the period.

1.14 Government Grants

Government grants related to specific fixed assets are deducted from gross values of related assets in arriving at their book value.

Government grants related to revenue are recognised in the Profit and Loss Statement.

Notes to Financial Statements *(Contd.)*

2. SHARE CAPITAL

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Authorised		
12,00,00,000 (31.03.2011 - 12,00,00,000) Equity Shares of Rs.5/- each	6000.00	6000.00
Issued, subscribed and paid-up		
10,94,55,735 (31.03.2011 -10,94,55,735) Equity Shares of Rs 5/- each fully paid up	5472.79	5472.79
	5472.79	**5472.79**

Rights, preferences and restrictions attached to Shares

(a) The Company has only one class of shares referred to as Equity Shares having a par value of Rs. 5/- per share. Each shareholder is eligible for one vote per share held. The Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(b) Details of Equity Shares held by shareholders holding more than 5 per cent of the Equity Shares in the Company

	Number of Equity Shares 31st March 2012	Number of Equity Shares 31st March 2011
Kamal Baheti (Trustee - Borelli Tea Holdings Limited, U.K.)	27067500 (24.73%)	27067500 (24.73%)
Williamson Magor & Co. Limited	11649946 (10.64%)	11649946 (10.64%)
Williamson Financial Services Limited	5898725 (5.39%)	5898725 (5.39%)
CLSA (Mauritius) Limited	5495459 (5.02%)	

	31st March 2012	31st March 2011
(c) Aggregate number of Equity Shares alloted as fully paid up pursuant to Scheme of Arrangement / Schemes of Amalgamation without payment being received in cash (during five years immediately preceding the Balance Sheet date)	1118028	43643028

Notes to Financial Statements *(Contd.)*

3 RESERVES AND SURPLUS

Rs. Lakhs

	General Reserve [Refer Note (a) below]	Securities Premium Account	Capital Reserve	Revaluation Reserve	Other Reserve [Refer Note (b) below]	Surplus in Profit and Loss Statement	Total
Balance at the beginning of the year	49686.88	11053.58	201.68	56411.93	19209.20	10098.81	146662.08
Add : Profit for the year	-	-	-	-	-	22027.54	22027.54
Less : Transferred to General Reserve	-	-	-	-	-	14313.12	14313.12
Add : Transferred from Surplus in Profit and Loss Statement	14313.12	-	-	-	-	-	14313.12
Less : Adjustment on account of disposal of Revalued Assets	-	-	-	4.47	-	-	4.47
Less : Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets [Refer Note 27 below]	-	-	-	384.92	-	-	384.92
Less : Proposed Dividend	-	-	-	-	-	6567.34	6567.34
Less : Tax on Proposed Dividend	-	-	-	-	-	1065.39	1065.39
Balance at the end of the year	64000.00	11053.58	201.68	56022.54	19209.20	10180.50	160667.50

(a) Represents a free reserve not meant for any specific purpose.

(b) Represents the balance amount of reserve which had arisen on transfer of Bulk Tea Division of Eveready Industries India Limited.

4 LONG-TERM BORROWINGS

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
SECURED		
Term Loans from a Bank		
ICICI Bank Limited	4100.00	6400.00
(a) Nature of Security		
The above Term Loans are secured / to be secured by first pari-passu charge on WM - Brand, first pari passu mortgage of certain tea estates and subservient mortgage of certain tea estates; and additionally secured by pledge of certain investments		
	4100.00	**6400.00**
(b) Terms of Repayment		
(i) Tranches of above Term Loans are repayable in :		
Twenty four (31.03.2011 - Twenty four) equal monthly instalments	500.00	500.00
Nine (31.03.2011 - Twenty one) equal monthly instalments	600.00	1400.00
Twenty four (31.03.2011 - Thirty six) equal monthly instalments	3000.00	4500.00
	4100.00	**6400.00**
(ii) Interest is payable on monthly basis at base rate plus 2.50% p.a. on above Term Loans		

Notes to Financial Statements *(Contd.)*

	31st March 2012		31st March 2011	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
5 DEFERRED TAX LIABILITIES (NET)				
A. Deferred Tax Liability				
i) Difference between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws		7615.45		7430.61
B. Deferred Tax Assets				
i) Voluntary Retirement Compensation	0.08		1.73	
ii) Items allowed for tax pupose on payment	548.45		428.65	
iii) Provision for Doubtful Debts, Advances etc.	596.86	1145.39	648.98	1079.36
Net Deferred Tax Liabilities (A-B)		**6470.06**		**6351.25**

6 LONG-TERM PROVISIONS

Provision for Employee Benefits		2794.45		2762.55
Provision for Contingencies (Refer Note 31)		4351.42		4351.42
		7145.87		**7113.97**

7 SHORT-TERM BORROWINGS

Secured Loans repayable on demand from Banks				
Cash Credit, Packing Credit and Demand Loans		10401.23		6818.53
a) Nature of Security				
The above loans are secured/to be secured by equitable first mortgage by way of deposit of title deeds of immovable properties of certain tea estates ranking pari passu with others; and hypothecation of tea crop, movable properties and book-debts present and future of the Company				
		10401.23		**6818.53**

8 TRADE PAYABLES

Trade payables (Refer Note 42)		6930.67		5982.05
		6930.67		**5982.05**

9 OTHER CURRENT LIABILITIES

Current maturities of long-term debts		2975.22		7662.26
Interest accrued but not due on borrowings		51.54		99.24
Advances from Customers / Selling Agents		367.26		146.20
Unpaid Dividends [Refer (a) below]		171.24		114.73
Unpaid matured deposits and Interest accrued thereon [Refer (a) below]		–		0.67
Unclaimed Fractional Share Sale Proceeds		0.61		0.62
Deposits Received from Agents		182.33		184.11
Employee Benefits Payable		4806.52		3825.65
Remuneration payable to Non -Whole time Directors		18.86		9.57
Statutory dues (including Provident Fund and Tax deducted at Source)		918.66		674.67
Capital Liabilities		53.42		53.42
		9545.66		**12771.14**
(a) There are no amounts due for payment to the Investor Education and Protection Fund as at the year end				

Notes to Financial Statements *(Contd.)*

10 SHORT-TERM PROVISIONS

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Provision for Employee Benefits	959.43	863.83
Others		
Provision for Income Tax (Net of Advance Tax)	1576.64	1943.68
Provision for Fringe Benefit Tax (Net of Advance Tax)	100.23	80.58
Proposed Dividend	6567.34	5472.79
Provision for Tax on Proposed Dividend	2373.43	1774.78
Provision for Wealth Tax	35.00	37.26
	11612.07	10172.92

11 TANGIBLE ASSETS

Rs. Lakhs

	GROSS BLOCK AT COST OR VALUATION				DEPRECIATION				NET BLOCK	
Particulars	As at 31st March 2011	Additions/ adjustments during the year	Disposal/ adjustments during the year [Refer (b) below]	As at 31st March 2012	Up to 31st March 2011 [Refer (d) below]	For the year	On disposal/ adjustments during the year	Up to 31st March 2012 [Refer (d) below]	Written down value as at 31st March 2012	Written down value as at 31st March 2011
Estate and Development	91572.60	30.10	40.89	91561.81 [Refer (a) below]	2450.47	-	-	2450.47	89111.34	89122.13
Freehold - Land [Refer (c) below]	-	3007.20	-	3007.20	-	-	-	-	3007.20	-
Buildings	53880.66	2558.71	1.49	56437.88	16429.87	1077.66	0.21	17507.32	38930.56	37450.79
Plant and Equipment	31346.80	2588.26	659.28	33275.78	19120.96	1518.50	342.80	20296.66	12979.12	12225.84
Furniture and Fixtures	1362.57	115.06	19.46	1458.17	753.51	65.14	18.18	800.47	657.70	609.06
Vehicles	5081.18	680.02	379.14	5382.06	3046.12	346.71	345.50	3047.33	2334.73	2035.06
Office Equipment	491.16	2.09	17.09	476.16	224.77	22.02	10.79	236.00	240.16	266.39
Computer	575.57	64.47	37.85	602.19	427.93	45.03	37.18	435.78	166.41	147.64
31st March, 2012	184310.54	9045.91	1155.20	192201.25	42453.63	3075.06	754.66	44774.03	147427.22	141856.91
31st March, 2011	180908.10	7347.91	3945.47	184310.54	40193.93	2919.85	660.15	42453.63	141856.91	

(a) Conveyance deed is pending execution for Jaibirpara Tea estate for Rs. 293 lakhs (31.03.11 - Rs. 293 lakhs)

(b) Includes Capital Subsidy in respect of following Tangible Assets
- Buildings - Rs. Nil (31.03.11 - Rs. 0.67 lakhs)
- Plant and Equipment - Rs. 271.39 lakhs (31.03.11 - Rs. 117.21 lakhs)
- Vehicles - Rs. 15.86 lakhs (31.03.11 - Rs. Nil)

(c) Represents cost of proportionate share of undivided land pertaining to certain portion of multistoried building

(d) The opening and closing balance of Depreciation includes an Impairment Loss as set out below:-

	Impairment Loss as at 31st March	
	2012 Rs. Lakhs	2011 Rs. Lakhs
Estate and Development	2440.32	2440.32
Buildings	1217.25	1217.25
Plant and Equipment	362.43	362.43
	4020.00	4020.00

12 INTANGIBLE ASSETS

Rs. Lakhs

Particulars	GROSS BLOCK AT COST				AMORTISATION				NET BLOCK	
	As at 31st March 2011	Additions/ adjustments during the year	Disposal/ adjustments during the year	As at 31st March 2012	Up to 31st March 2011	For the year	On disposal/ adjustments during the year	Up to 31st March 2012	Written down value as at 31st March 2012	Written down value as at 31st March 2011
Goodwill	20.44	-	-	20.44	20.44	-	-	20.44	-	-
Trade Mark [Brand] [Refer (a) below]	5000.00	-	-	5000.00	1562.50	250.00	-	1812.50	3187.50	3437.50
31st March, 2012	5020.44	-	-	5020.44	1582.94	250.00	-	1832.94	3187.50	3437.50
31st March, 2011	5020.44	-	-	5020.44	1332.94	250.00	-	1582.94	3437.50	

(a) The above represents the trade mark (Brand - WM logo) acquired in January 2005 and the same is being amortised under straight line method over a working life of 20 years on prudent basis based on the valuation obtained by the management, considering the factors like effective life/utility.

13. NON-CURRENT INVESTMENTS

(Valued at cost unless stated otherwise) (In Equity Shares of Rs.10 each fully paid, except otherwise stated)	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Long Term		
Trade		
Investments in Equity Instruments - Subsidiaries		
Unquoted		
Borelli Tea Holdings Limited (U.K.) 362000 Shares (31.03.2011 - 362000 Shares) of GBP 1 each	22936.98	22936.98
Investments in Equity Instruments - Associates		
Unquoted		
Babcock Borsig Limited Nil (31.03.2011 - 911987 Shares)	–	91.73
D1 Williamson Magor Bio Fuel Limited 7281201 Shares (31.03.2011 - 7038101 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 1500.00 lakhs (31.03.2011 - Rs. Nil)]	684.35	2111.43
Investments in Equity Instruments - Others		
Quoted		
Murablack India Limited 500000 Shares (31.03.2011 - 500000 Shares)	*	*
McNally Bharat Engineering Co. Limited 3052295 Shares (31.03.2011 - 3052295 Shares)	131.25	131.25
Williamson Financial Services Limited 1666853 Shares (31.03.2011 - 1666853 Shares)	519.33	519.33
Eveready Industries India Limited 1663289 Shares of Rs. 5/- each (31.03.2011 - 1663289 Shares)	169.66	169.66
Kilburn Engineering Limited 848168 Shares (31.03.2011 - 848168 Shares)	36.05	36.05
The Standard Batteries Limited 1003820 Shares of Re. 1/- each (31.03.2011 - 1003820 Shares)	*	*

Notes to Financial Statements *(Contd.)*

13. NON-CURRENT INVESTMENTS *(contd.)*

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Investments in Equity Instruments - Others		
Quoted		
Kilburn Chemicals Limited 350200 Shares (31.03.2011 - 350200 Shares)	14.04	14.04
Kilburn Office Automation Limited 31340 Shares (31.03.2011 - 31340 Shares)	1.27	1.27
Unquoted		
Dewrance Macneill & Co. Limited 200000 Shares (31.03.2011 - 200000 Shares)	*	*
Kilburn Electricals Limited 28000 Shares (31.03.2011 - 28000 Shares)	*	*
Cosepa Fiscal Industries Limited 350000 Shares (31.03.2011 - 350000 Shares)	*	*
Delhi Golf & County Club Private Limited 35750 Shares of Rs.100/- each (31.03.2011 - 35750 Shares)	*	*
Project India Blend Private Limited 250000 Shares (31.03.2011 - 250000 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 8.25 lakhs (31.03.2011 - Rs. 8.25 lakhs)]	-	-
Other than Trade		
Investments in Equity Instruments - Others		
Quoted		
Suryachakra Seafood Limited 400000 Shares (31.03.2011 - 400000 Shares)	*	*
Unquoted		
Jalpaiguri Club Limited 523 Shares (31.03.2011 - 523 Shares)	–	–
Johnston Casting and Allied Industries Limited 3500 Shares (31.03.2011 - 3500 Shares)	–	–
Nilpur Marketing Pvt. Limited 12500 Shares (31.03.2011 - 12500 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 1.25 lakhs (31.03.2011 - Rs. 1.25 lakhs)]	–	–
Nilhat Shipping Company Limited 1000 Shares (31.03.2011 - 1000 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 0.10 lakhs (31.03.2011 - Rs. 0.10 lakhs)]	–	–
Woodlands Multispeciality Hospital Limited 229610 Shares (31.03.2011 - 229610 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 0.01 lakhs (31.03.2011 - Rs. 0.01 lakhs)]	22.35	22.35

Notes to Financial Statements *(Contd.)*

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
13. NON-CURRENT INVESTMENTS *(contd.)*		
Investments in Preference shares - Others		
Unquoted		
Thakurbari Club Limited 56 Preference Shares of Rs.100 each (31.03.2011 - 56 Preference Shares)	*	*
CFL Capital Financial Services Ltd. 1154790 13% Reedemable Cumulative Preference Shares of Rs.100 each (31.03.2011 - 1154790 Preference Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 1160.56 lakhs (31.03.2011 - Rs. 1160.56 lakhs)]	-	–
Investments in Government or trust securities		
Quoted		
8% Government of India Loan - 2011 (since matured)	1.26	1.26
9% Government of India Loan - 2013	0.63	0.63
Unquoted		
National Defence Bond (Deposited with Excise Authorities)	0.02	0.02
	24517.19	**26036.00**
* Amount is below the rounding off norm adopted by the Company.		
(a) Aggregate amount of quoted investments	873.49	873.49
Aggregate market value of quoted investments	3829.42	8789.76
Aggregate amount of unquoted investments;	26313.87	26332.68
Aggregate provision for diminution in value of investments	2670.17	1170.17
(b) Following shares are pledged against loans availed by the Company		
Name of the Company	Nos.	Nos.
Babcock Borsig Limited	-	911987
Borelli Tea Holdings Limited (U.K.)	83404	83404

14. LONG-TERM LOANS AND ADVANCES

(Unsecured - considered good unless otherwise stated) [Refer Note 31]		
Capital Advances	1714.80	535.63
Security Deposits;		
Considered good	1165.28	1151.42
Considered doubtful	26.25	26.25
Less: Allowance for Doubtful Security Deposits	(26.25)	(26.25)
Deposits with National Bank for Agriculture and Rural Development	8354.14	5354.14
Other Loans and Advances		
MAT Credit Entitlement	1385.96	839.00
Prepaid Expenses	405.24	478.51
Advances to Suppliers, Service Providers etc.	1217.20	1217.20
Loans to Others	850.00	850.00
Loans to Employees	38.56	75.75
Loans to Related Parties (Key Management Personnel) (a)	4.33	6.86
	15135.51	**10508.51**
(a) Such loans to key managerial personnel who are directors were originally initiated as advances to employees in the books of Eveready Industries India Limited, taken over in terms of a Scheme of Arrangement in 2004-05.		

Notes to Financial Statements *(Contd.)*

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
15. OTHER NON-CURRENT ASSETS [Refer Note 31]		
Margin Money Deposit with bank (a)	13.98	13.03
Other Long Term Receivable		
From Sale of Tea Estates	198.76	198.76
Interest Accrued on Loans and Deposits	2284.22	2284.22
	2496.96	**2496.01**
(a) For issuing Bank Guarantee		

16. INVENTORIES

At lower of cost and net realisable value		
Finished Goods (Stock of Tea)	1963.40	2942.61
[including in transit Rs. 191.56 lakhs (31.03.2011 - Rs 334.41 lakhs)]		
Stores and Spares	5536.45	4097.71
	7499.85	**7040.32**

17. TRADE RECEIVABLES

Debts outstanding for a period exceeding six months from the date they are due for payment -		
Secured		
- Considered Good	350.00	350.00
Unsecured		
- Considered Good	203.23	188.14
- Considered Doubtful	217.02	213.92
Less: Provision for Doubtful Debts	(217.02)	(213.92)
Other Debts -		
Unsecured		
- Considered Good	911.93	561.50
	1465.16	**1099.64**

18. CASH AND BANK BALANCES

A. Cash and Cash Equivalents		
Cash on hand	71.32	164.47
Cheques on hand	-	0.02
Balance with banks in Current Accounts	87.94	114.39
Dividend Accounts	171.24	114.73
Escrow Accounts/Fractional Share Sale Proceeds Account	0.61	0.62
	331.11	394.23
B. Other Bank Balances		
Fixed deposits with Maturity more than 3 months but less than 12 months (Refer Note 38)	-	875.00
	-	875.00
	331.11	**1269.23**
(a) Margin Money Deposit kept with bank for issuing guarantee in favour of Third party has been disclosed under Other Non-Current Assets (Refer Note 15)		

Notes to Financial Statements *(Contd.)*

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
19. SHORT-TERM LOANS AND ADVANCES		
(Unsecured - considered good unless otherwise stated)		
Loans to Related Parties		
- Subsidiary	1500.00	2900.00
- Key Managerial Personnel (a)	2.53	3.30
Loans to Others		
Considered Good;	408.00	448.00
Considered Doubtful;	248.00	248.00
Less: Provision for bad and Doubtful Loans	(248.00)	(248.00)
Deposits with National Bank for Agriculture and Rural Development	4000.00	2619.25
Other Loans and Advances		
MAT Credit Entitlement	475.23	-
Advance Tax	1489.45	407.36
Prepaid Expenses	703.02	466.92
Balance with Excise Authorities	12.03	11.22
Advance for Employee Benefits	725.77	516.50
Advance to Employees	290.76	128.49
Advances to Suppliers, Service Providers etc.		
Considered Good	2606.85	2306.94
Considered Doubtful	92.15	92.15
Less: Provision for bad and Doubtful Advances	(92.15)	(92.15)
Loans to Employees	203.09	250.85
Deposit with Government Authorities	-	23.63
Claim Receivable	126.39	35.05
Tax payment under protest (Refer Note 39)	700.00	–
	13243.12	**10117.51**
(a) Such loans to key managerial personnel who are directors were originally initiated as advances to employees in the books of Eveready Industries India Limited taken over in terms of a Scheme of Arrangement in 2004-05.		

20. OTHER CURRENT ASSETS

(Unsecured - considered good unless otherwise stated)		
Interest Accrued on Loans and Deposits		
Considered good;	889.23	506.87
Considered Doubtful	173.35	173.35
Less: Provision for Doubtful Interest Receivable	(173.35)	(173.35)
Subsidies receivable from Government	1586.21	969.79
Compensation receivable from Government	36.98	8.01
Accrued duty exemption benefits pertaining to exports	1446.21	917.15
	3958.63	**2401.82**

Notes to Financial Statements *(Contd.)*

	Year ended 31st March 2012		Year ended 31st March 2011	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
21. REVENUE FROM OPERATIONS				
Sale of Products				
- Tea	120289.49		106894.67	
- Tea Waste	72.36	120361.85	86.38	106981.05
Other Operating Revenues				
Consultancy Fees	111.15		61.36	
Subsidy on Orthodox Tea	100.84		103.11	
Replantation Subsidy	546.53		395.33	
Transport Subsidy	301.78		268.58	
Excise Duty Rebate	-		0.95	
Accrued duty exemption entitlement and other Benefits relating to exports / premium on sale thereof	2360.93	3421.23	2300.62	3129.95
		123783.08		**110111.00**

22. OTHER INCOME

Interest Income (Gross)				
On Deposits	792.58		585.00	
On Loans	1553.78		427.77	
On Tax Refunds	189.79	2536.15	0.51	1013.28
Interest Subsidy		567.81		232.64
Dividend on Long Term Trade Investments				
From Subsidiary Company		263.19		-
From Others		94.09		70.32
Insurance Claims		227.52		169.85
Sundry Income		60.05		118.43
Profit on Disposal of Fixed Assets (net)		155.32		171.73
Provision for Contingencies no Longer Required Written Back		-		944.26
Liabilities no Longer Required Written Back		367.22		249.82
Provision for Doubtful Debt no Longer Required Written Back		-		3.00
Net Gain on Foreign Currency Transaction and Translation		-		393.89
		4271.35		**3367.22**

23. COST OF MATERIALS CONSUMED

Green Leaf (purchased and consumed)		11256.54		8861.03
		11256.54		**8861.03**

24. CHANGES IN INVENTORIES OF FINISHED GOODS

Stock of Tea at the beginning of the year		2942.61		1789.30
Less: Stock of Tea at the end of the year		1963.40		2942.61
(Increase)/Decrease		979.21		(1153.31)

25. EMPLOYEE BENEFITS EXPENSE

Salaries and Wages		33307.63		28972.61
Contribution to Provident and Other Funds		4492.37		4329.02
Labour and Staff Welfare		4821.48		4710.87
		42621.48		**38012.50**

	Year ended 31st March 2012		Year ended 31st March 2011	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
26. FINANCE COSTS				
Interest Expense				
On Fixed Loans	1520.51		1561.34	
Others	2941.47	4461.98	1580.88	3142.22
Other Borrowing Costs		262.46		238.61
		4724.44		**3380.83**

27. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on Tangible Assets	3075.06		2919.85	
Less: Withdrawn on account of Depreciation on amount added on Revaluation of Tangible Assets [Refer Note 3]	(384.92)	2690.14	(415.67)	2504.18
Amortisation of Intangible Assets		250.00		250.00
		2940.14		**2754.18**

28. OTHER EXPENSES

Consumption of Stores and Spare Parts		6113.17		5463.92
Power and Fuel		11945.20		10052.00
Rent		220.15		91.21
Repairs				
- Buildings		1706.62		1805.62
- Machinery		2272.16		2009.88
- Others		1224.23		1128.83
Insurance		546.64		390.63
Rates and Taxes [including Wealth Tax Rs. 35.00 lakhs (2010-2011 - Rs. 30.00 lakhs)]		431.31		459.61
Cess on Black Tea		395.55		234.07
Assam Green Leaf Cess		1116.10		1064.30
Travelling		1216.56		1010.48
Legal and Professional Fees		669.25		698.41
Freight, Shipping and Selling Expenses		5889.84		5333.84
Brokerage on Sales		535.04		456.62
Selling Agents' Commission		458.06		474.57
Bad Debts written off		-		108.97
Provision for Doubtful Debts		3.10		26.25
Net Loss on Foreign Currency Transaction and Translation		916.35		-
Miscellaneous Expenses		2824.62		2656.55
		38483.95		**33465.76**

Notes to Financial Statements *(Contd.)*

29. Schemes of Amalgamation/Scheme of Arrangement given effect to in earlier years

Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Schemes, such assets and liabilities remain included in the books of the Company under the name of the transferor companies (including other companies which were amalgamated with the transferor companies from time to time).

30. Employee Benefits :

I. Post Employment Defined Contribution Plans:

During the year an amount of Rs. 3239.20 lakhs (31st March 2011 - Rs. 2738.73 lakhs) has been recognised as expenditure towards Defined Contribution plans of the Company.

II. Post Employment Defined Benefit Plans:

(a) Gratuity (Funded)

The Company's gratuity scheme, a defined benefit plan, covers the eligible employees and is administered through certain gratuity fund trusts. Such gratuity funds, whose investments are managed by insurance companies/trustees themselves, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum limit of Rs. 10.00 lakhs. Vesting occurs upon completion of five years of service.

(b) Superannuation (Funded)

The Company's Superannuation scheme, a Defined Benefit plan, is administered through trust funds and covers certain categories of employees. Investments of the funds are managed by insurance companies /trustees themselves. Benefits under these plans had been frozen in earlier years with regard to salary levels then prevailing with the exception of a few employees. Upon retirement, death or cessation of employment, Superannuation Funds purchase annuity policies in favour of vested employees or their spouses to secure periodic pension. Such superannuation benefits are based on respective employee's tenure of employment and salary.

(c) Staff Pension – Type A (Funded)

The Company's Staff Pension Scheme – Type A, a Defined Benefit plan, is administered through a trust fund and covers certain categories of employees. Investments of the fund are managed by Life Insurance Corporation of India. Pursuant to the scheme, monthly pension is paid to the vested employee or his/her nominee upon retirement, death or cessation of service based on the respective employee's salary and tenure of employment subject to a limit on the period of payment in case of nominee. Vesting occurs upon completion of twenty years of service.

(d) Staff Pension – Type B (Unfunded)

The Company's Staff Pension Scheme – Type B, a Defined Benefit plan, covers certain categories of employees. Pursuant to the scheme, monthly pension is paid to the vested employee or his/her nominee upon retirement, death or cessation of service based on the respective employee's salary and tenure of employment subject to a limit on the period of payment in case of nominee. Vesting occurs upon completion of twenty years of service.

(e) Medical Insurance Premium Re-imbursement (Unfunded)

The Company has a scheme of re-imbursement of medical insurance premium to certain categories of employees and their surviving spouses, upon retirement, subject to a monetary limit. The Company has introduced a scheme of re-imbursement of medical expenses to a certain category of employees up to certain monetary limit. The scheme is in the nature of Defined Benefit plan.

(f) Expatriate Pension (Unfunded)

The Company has an informal practice of paying pension to certain categories of retired expatriate employees and in certain cases to their surviving spouses. The scheme is in the nature of Defined Benefit plan.

The following Tables sets forth the particulars in respect of aforesaid Defined Benefit plans of the Company for the year ended 31st March 2012 and corresponding figures for the previous year.

Notes to Financial Statements *(Contd.)*

Rs. Lakhs

Description	Gratuity Fund (Funded) 2011-12	Gratuity Fund (Funded) 2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	9579.29	8508.40
Interest Cost	775.77	641.29
Current Service Cost	573.76	505.37
Past Service Cost	-	-
Benefits Paid	905.26	984.48
Actuarial loss/(gain) on obligation	550.94	908.71
Present Value of obligation at the end of the year	10574.50	9579.29
Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	9773.53	7100.68
Expected Return on Plan Assets	781.88	568.05
Contributions	1323.42	3031.61
Benefits Paid	905.26	984.48
Actuarial gain/(loss) on Plan Assets	(52.88)	57.67
Fair Value of Plan Assets at the end of the year	10920.69	9773.53
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	10574.50	9579.29
Fair Value of Plan Assets at end of the year	10920.69	9773.53
Net Asset/(Liability) Recognised in Balance Sheet	346.19	194.24
Expense Recognised in Profit and Loss Statement		
Current Service Cost	573.76	505.37
Past Service Cost	-	-
Interest Cost	775.77	641.29
Expected Return on Plan Assets	781.88	568.05
Actuarial loss/(gain) recognised in the year	603.82	851.04
Expense Recognised in Profit and Loss Statement	@ 1171.47	@ 1429.65
@ included in Contribution to Provident and Other Funds (Note 25)		
Category of Plan Assets		
Investments in Bonds and Special Deposit	36.21	480.37
Investments with Life Insurance Corporation of India	1797.08	1703.92
Investments with other Insurance Companies	9006.92	7501.14
Others including Bank Balances	80.48	88.10
Total	**10920.69**	**9773.53**
Actual Return on Plan Assets	729.00	631.80
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0
Inflation Rate (%)	5.0	5.0
Return on Asset (%)	8.0	8.0

Notes to Financial Statements *(Contd.)*

Rs. Lakhs

Description	Superannuation Fund (Funded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	1879.33	2018.52
Interest Cost	156.68	152.02
Current Service Cost	-	-
Benefits Paid	71.98	236.55
Actuarial loss/(gain) on obligation	(53.68)	(54.66)
Present Value of obligation at the end of the year	1910.35	1879.33
Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	2209.49	2233.99
Expected Return on Plan Assets	176.76	178.72
Contributions	-	54.13
Benefits Paid	71.98	236.55
Actuarial gain/(loss) on Plan Assets	(16.44)	(20.80)
Fair Value of Plan Assets at the end of the year	2297.83	2209.49
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	1910.35	1879.33
Fair Value of Plan Assets at end of the year	2297.83	2209.49
Net Asset/(Liability) Recognised in Balance Sheet	387.48	330.16
Expense Recognised in Profit and Loss Statement		
Current Service Cost	-	-
Interest Cost	156.68	152.02
Expected Return on Plan Assets	176.76	178.72
Actuarial loss/(gain) recognised in the year	(37.24)	(33.86)
Expense Recognised in Profit and Loss Statement	@ (57.32)	@ (60.56)
@ Included in Contribution to Provident and other Funds (Note 25)		
Category of Plan Assets		
Investments in Bonds and Special Deposit	64.24	202.04
Investments with Life Insurance Corporation of India	203.12	181.76
Investments with other Insurance Companies	2004.24	1786.87
Others including Bank Balances	26.23	38.82
Total	**2297.83**	**2209.49**
Actual Return on Plan Assets	160.32	162.58
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0
Return on Asset (%)	8.0	8.0

Notes to Financial Statements *(Contd.)*

Rs. Lakhs

Description	Staff pension Fund Type A (Funded)	
	2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	441.38	407.45
Interest Cost	36.58	32.52
Current Service Cost	39.38	36.67
Benefits Paid	21.95	1.70
Actuarial loss/(gain) on obligation	(98.43)	(33.56)
Present Value of obligation at the end of the year	396.96	441.38
Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	105.24	98.55
Expected Return on Plan Assets	8.42	7.88
Contributions	0.23	0.46
Benefits Paid	21.95	1.70
Actuarial gain/(loss) on Plan Assets	(1.18)	0.05
Fair Value of Plan Assets at the end of the year	90.76	105.24
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	396.96	441.38
Fair Value of Plan Assets at end of the year	90.76	105.24
Net Asset/(Liability) Recognised in Balance Sheet	(306.20)	(336.14)
Expense Recognised in Profit and Loss Statement		
Current Service Cost	39.38	36.67
Interest Cost	36.58	32.52
Expected Return on Plan Assets	8.42	7.88
Actuarial loss/(gain) recognised in the year	(97.25)	(33.61)
Expense Recognised in Profit and Loss Statement	@ (29.71)	@ 27.70
@ Included in Contribution to Provident and Other Funds (Note 25)		
Category of Plan Assets		
Investments with Life Insurance Corporation of India	90.76	105.24
Total	**90.76**	**105.24**
Actual Return on Plan Assets	7.24	7.93
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0
Inflation Rate (%)	5.0	5.0
Return on Asset (%)	8.0	8.0

Notes to Financial Statements *(Contd.)*

Rs. Lakhs

Description	Staff pension Type B (Unfunded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	2686.96	2537.87
Interest Cost	222.49	197.71
Current Service Cost	182.63	149.49
Benefits Paid	138.83	132.83
Actuarial loss/(gain) on obligation	(150.09)	(65.28)
Present Value of obligation at the end of the year	2803.16	2686.96
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	2803.16	2686.96
Fair Value of Plan Assets at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(2803.16)	(2686.96)
Expense Recognised in Profit and Loss Statement		
Current Service Cost	182.63	149.49
Interest Cost	222.49	197.71
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	(150.09)	(65.28)
Expense Recognised in Profit and Loss Statement	# 255.03	# 281.92
# included in Salaries and Wages (Note 25)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0
Inflation Rate (%)	5.0	5.0

Rs. Lakhs

Description	Medical Benefit Liability (Unfunded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	282.73	289.88
Interest Cost	24.03	23.19
Current Service Cost	-	-
Benefits Paid	22.57	18.05
Actuarial loss/(gain) on obligation	42.31	(12.29)
Present Value of obligation at the end of the year	326.50	282.73
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	326.50	282.73
Fair Value of Plan Assets at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(326.50)	(282.73)
Expense Recognised in Profit and Loss Statement		
Current Service Cost	-	-
Interest Cost	24.03	23.19
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	42.31	(12.29)
Expense Recognised in Profit and Loss Statement	* 66.34	*10.90
* included in Insurance (Note 28)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0

Notes to Financial Statements *(Contd.)*

Rs. Lakhs

Description	Expatriate Pension (Unfunded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	43.46	59.02
Interest Cost	2.36	2.81
Current Service Cost	-	-
Benefits Paid	31.49	47.72
Actuarial loss/(gain) on obligation	28.32	29.35
Present Value of obligation at the end of the year	42.65	43.46
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	42.65	43.46
Fair Value of Plan Assets at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(42.65)	(43.46)
Expense Recognised in Profit and Loss Statement		
Current Service Cost	-	-
Interest Cost	2.36	2.81
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	28.32	29.35
Expense Recognised in Profit and Loss Statement	# 30.68	# 32.16
# included in Salaries and Wages (Note 25)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0

The estimates of rate of inflation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment sphere.

Plan assets represent investment in various categories. The return on amounts invested with LIC is declared annually by them. Return on amounts invested with Insurance companies, other than LIC, is mostly by way of Net Asset Value declared on units purchased, with some schemes declaring returns annually. Investment in Bonds and Special Deposit carry a fixed rate of interest.

The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risk of asset management and other relevant factors.

Notes to Financial Statements *(Contd.)*

Rs. Lakhs

Other Particulars	31st March 2012	2011	2010	2009	2008
		Gratuity Fund (Funded)			
Defined Benefit Obligation	10574.50	9579.29	8508.40	6903.02	6628.54
Plan Assets	10920.69	9773.53	7100.68	4952.18	4540.70
Surplus/(Deficit)	346.19	194.24	(1407.72)	(1950.84)	(2087.84)
Experience Adjustments on Plan Liabilities	939.06	499.79	235.67	(1.77)	92.57
Experience Adjustments on Plan Assets	(52.88)	57.67	306.47	(51.77)	130.38
		Superannuation Fund (Funded)			
Defined Benefit Obligation	1910.35	1879.33	2018.52	2222.68	2418.93
Plan Assets	2297.83	2209.49	2233.99	2031.74	2203.06
Surplus/(Deficit)	387.48	330.16	215.47	(190.94)	(215.87)
Experience Adjustments on Plan Liabilities	(36.74)	(23.17)	(8.67)	67.79	26.22
Experience Adjustments on Plan Assets	(16.44)	(20.80)	141.63	(88.31)	24.02
		Staff Pension Fund Type A (Funded)			
Defined Benefit Obligation	396.96	441.38	407.45	373.73	303.81
Plan Assets	90.76	105.24	98.55	113.81	160.00
Surplus/(Deficit)	(306.20)	(336.14)	(308.90)	(259.92)	(143.81)
Experience Adjustments on Plan Liabilities	(30.19)	4.21	1.71	12.58	(8.20)
Experience Adjustments on Plan Assets	(1.18)	0.05	0.09	(58.99)	(1.32)
		Staff Pension Fund Type B (Unfunded)			
Defined Benefit Obligation	2803.16	2686.96	2537.87	2241.47	2299.58
Plan Assets	NA	NA	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA	NA	NA
Experience Adjustments on Plan Liabilities	(69.00)	112.42	47.53	(88.07)	(36.52)
Experience Adjustments on Plan Assets	NA	NA	NA	NA	NA
		Medical Benefit Liability (Unfunded)			
Defined Benefit Obligation	326.50	282.73	289.88	291.04	282.50
Plan Assets	NA	NA	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA	NA	NA
Experience Adjustments on Plan Liabilities	(14.55)	(10.95)	(4.51)	(0.17)	(7.45)
Experience Adjustments on Plan Assets	NA	NA	NA	NA	NA
		Expatriate Pension (Unfunded)			
Defined Benefit Obligation	42.65	43.46	59.02	85.60	156.19
Plan Assets	NA	NA	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA	NA	NA
Experience Adjustments on Plan Liabilities	28.80	5.59	7.52	(10.30)	(32.77)
Experience Adjustments on Plan Assets	NA	NA	NA	NA	NA

NA : Not Applicable

(g) Provident Fund:

Contributions towards provident funds are recognised as expense for the year. The Company has set up Provident Fund Trusts in respect of certain categories of employees which is administered by Trustees. Both the employees and the Company make monthly contributions to the Funds at specified percentage of the employee's salary and aggregate contributions along with interest thereon are paid to the employees/nominees at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investments prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company.

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on Employee Benefits issued by the Accounting Standard Board of The Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Company is defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest.

Unlike in earlier years, the Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Project Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the balance sheet date. Further during the year, the Company's contribution of Rs. 237.07 lakhs (31st March 2011 – Rs. 189.10 lakhs) to the Provident Fund Trust has been expensed under the "Contribution to Provident and Other Funds". Disclosures given hereunder are restricted to the information available as per the Actuary's report.

	2011-12	2010-11
Principal Actuarial Assumptions		
Discount Rate	8.50%	#
Expected Return on Exempted Fund	8.90%	#
Expected EPFO Return	8.25%	#
# This being the first year of valuation, previous year figures are not available		

31. There are certain overdue loans and advances, interest accrued on loans and other recoverable items aggregating Rs. 4351.42 lakhs (31st March 2011 - Rs. 4351.42 lakhs). These advances became overdue on account of the sluggish market conditions and the resultant difficulty in liquidating the assets by these parties. The management is actively continuing to pursue options for recovery of these loans and advances. As a measure of prudence, and in the management's best judgement Rs. 4351.42 lakhs (31st March 2011 - Rs. 4351.42 lakhs) is being held in provision for contingency, for overdue loans and advances etc. at the year end. (Refer Note 6).

32. Contingent Liabilities

(a) Claims against the Company not acknowledged as debts : -

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Sales Tax	26.37	26.37
Electricity Dues	29.27	32.47
Assam Pollution Control Board	7.41	7.41
Provident Fund	68.43	68.43
Income Tax	247.65	79.49
Service Tax	75.48	75.48
Others	0.86	4.95

(b) Guarantees given on behalf of a subsidiary - Rs. 11445.75 lakhs (31st March 2011 - Rs. 11745.46 lakhs); Year end utilisation Rs. 7089.93 lakhs (31st March 2011 – Rs. 7938.19 lakhs).

(c) Bank Guarantees Rs. 102.94 lakhs (31st March 2011 - Rs. 83.28 lakhs)

(d) Bills Discounted – Rs. 1014.45 lakhs (31st March 2011– Rs. 2445.65 lakhs)

33. TAXATION

Current Tax charge for the year has been reckoned after taking into account, benefit under Section 33AB of the Income Tax Act, 1961 (which are available on timely deposit of required amount with development bank).

Notes to Financial Statements *(Contd.)*

34. COMMITTMENTS

Estimated Capital Commitment on account of contracts remaining to be executed and not provided for at the year-end is Rs. 3230.22 lakhs (31st March 2011 - Rs. 1030.07 lakhs). Such commitment, net of advances, is Rs. 1515.42 lakhs (31st March 2011 - Rs. 494.44 lakhs).

35. Business Segment

The Company is primarily engaged in the business of cultivation, manufacture and sale of tea and is managed organisationally as a single unit. Accordingly, the Company is a single business segment company.

Geographical (Secondary) Segments

The geographical segments have been identified as follows :

(a) Sales revenue of Tea by geographical market:

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
- India	80155.08	74245.90
- Outside India	40134.41	32648.77
	120289.49	**106894.67**

(b) Assets by geographical market:

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
- India	174134.92	163516.41
- Outside India	22.18	19.38
	174157.10	**163535.79**

(c) Purchase of fixed assets by geographical market :

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
- India	10648.23	4366.08
- Outside India	-	-
	10648.23	**4366.08**

36. Information given in accordance with the requirement of Accounting Standard 18 on Related Party Disclosures prescribed under the Act : -

(a) List of Related Parties

Where control exists:

- Subsidiaries :
  - Borelli Tea Holdings Limited (BTHL)
  - Phu Ben Tea Company Limited (PBTCL)
  - Rwenzori Tea Investments Limited (RTI)
  - McLeod Russel Uganda Limited (MRUL)
  - Olyana Holdings LLC (OLYANA)
  - Gisovu Tea Company Limited (GTCL) (w.e.f. 23rd February 2011)
  - McLeod Russel Middle East [MRME (DMCC)] (w.e.f. 9th May 2011)

Others:

- Associates :
  - D1 Williamson Magor Bio Fuel Limited (D1)
  - Babcock Borsig Limited (BBL) (upto 28th March 2012)

Notes to Financial Statements *(Contd.)*

- Key Management Personnel

Managing Director	-	Mr. Aditya Khaitan (AK)
Wholetime Directors	-	Mr. R. Takru (RT)
	-	Mr. A. Monem (AM)
	-	Mr. K. K. Baheti (KKB)

- Relatives of Key Management Personnel with whom transactions took place during the year.

Mr. B. M. Khaitan (BMK)	-	Father of Mr. Aditya Khaitan
Mr. D. Khaitan (DK)	-	Brother of Mr. Aditya Khaitan

(b) Transactions / Balances with Subsidiary

Name of Subsidiary	Nature of Transactions/Balances	As at/Year ended 31st March 2012 Rs. Lakhs	As at/Year ended 31st March 2011 Rs. Lakhs
BTHL	Loan outstanding at beginning of the year	2900.00	1900.00
	Loan given	1000.00	1500.00
	Refund received	2400.00	500.00
	Loan outstanding at year end	1500.00	2900.00
	Interest income	242.11	165.70
	Interest income receivable	242.11	165.70
	Royalty	398.29	332.35
	Royalty payable (Gross)	398.29	51.82
	Dividend Paid	1353.38	1082.70
	Dividend Received	263.19	-
	Security provided for Bank Guarantee (Note 38 below)	-	742.09
	Balance of Investment at the year end	22936.98	22936.98
MRUL	Consultancy Fees	85.71	61.36
	Trade Receivable	19.45	33.91
PBTCL	Consultancy Fees	25.44	-
	Trade Receivable	25.44	-
MRME (DMCC)	Sale of Tea	162.26	-

(c) Transactions / Balances with Associate

Name of Associate	Nature of Transactions/Balances	As at/Year ended 31st March 2012 Rs. Lakhs	As at/Year ended 31st March 2011 Rs. Lakhs
D1	Subscription in Share Capital during the year	72.93	69.30
	Balance of Investments at the year-end	684.35	2111.43

(d) Transactions / Balances with Key Management Personnel

	Remuneration		Dividend paid		Sale of Fixed Assets		Loan Outstanding as at	
	2011-12 Rs. Lakhs	2010-11 Rs. Lakhs	2011-12 Rs. Lakhs	2010-11 Rs. Lakhs	2011-12 Rs. Lakhs	2010-11 Rs. Lakhs	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
AK	248.50	216.25	0.36	0.29	-	-	-	-
RT	122.80	101.52	0.04	0.03	-	141.60	6.73	9.13
AM	122.42	93.92	-	-	-	148.50	0.13	1.03
KKB	122.06	100.23	0.01	0.01	-	-	-	-
Total	**615.78**	**511.92**	**0.41**	**0.33**	**-**	**290.10**	**6.86**	**10.16**

Notes to Financial Statements *(Contd.)*

(e) Transactions / Balances with relatives of Key Management Personnel

	As at/Year ended 31st March 2012 Rs. Lakhs	As at/Year ended 31st March 2011 Rs. Lakhs
Directors' Sitting Fees		
BMK	0.80	0.60
DK	0.60	0.20
Commission		
BMK	2.50	1.20
DK	2.50	1.20
Dividend Paid		
BMK	1.81	1.45
DK	0.59	0.47
Amount outstanding at year end		
BMK	2.50	1.20
DK	2.50	1.20

37. Disclosure pursuant to SEBI's Circular No. SMD/POLICY/CIR-02/2003

	As at 31st March 2012 Rs. Lakhs	As at 31st March 2011 Rs. Lakhs
(i) Loans and Advances in the Nature of Loans to Subsidiaries and Associates		
(a) Loan to Subsidiary		
Borelli Tea Holdings Limited		
- Balance at the year end	1500.00	2900.00
- Maximum amount outstanding at any time during the year	3900.00	2900.00
(b) Loan to Associate		
- Balance at the year end	-	-
- Maximum amount outstanding at any time during the year	5675.00	-
(ii) Loans and Advances in the Nature of Loans to Firms/Companies in which Directors are Interested		
(a) Loan to a Company in which a Director of a Company is a Director		
United Machines Company Limited		
- Balance at the year end	360.00	360.00
- Maximum amount outstanding at any time during the year	360.00	360.00

38. Fixed Deposits (Note 18) are under lien and represent the following:

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Offered as security for a guarantee of USD Nil (31st March 2011 - USD 1.674 million) {Rs. Nil (31st March 2011 - Rs. 742.09 lakhs)} issued by a bank on behalf of Borelli Tea Holdings Ltd., (U.K.), a wholly owned subsidiary of the Company in connection with repayment of certain dues by its wholly owned subsidiary, Phu Ben Tea Company Ltd., Vietnam.	-	875.00

39. In connection with an overseas acquisition of a subsidiary in 2005, the Income Tax authority had raised a demand of Rs.5278 lakhs during the year 2009-10 on the Company on account of alleged non-deduction of tax at source and interest thereon pertaining to the transaction. The Company has challenged the said demand before the appropriate authorities and the matter is pending. Further, the Company has obtained a stay against the said demand from the Hon'ble High Court of Calcutta. The

Notes to Financial Statements *(Contd.)*

Company has deposited Rs. 700.00 lakhs (31st March 2011 – Rs. Nil) during the year with Income Tax Authority under protest (Refer Note 19). In any event, as per the related Share Purchase Agreement, Capital Gain tax or other tax, if any, relating to sale of shares etc. is to be borne by the seller and not the Company.

40. Earnings per Equity Share :

		Year ended 31st March 2012	Year ended 31st March 2011
(a)	Numerator used:		
	Profit after Taxation (Rs. Lakhs)	22027.54	23222.89
(b)	Denominator used		
	Weighted Average Number of Equity Shares	10,94,55,735	10,94,55,735
(c)	Face Value of Equity Shares - Rs.	5	5
(d)	Dilutive Potential Equity Shares	-	-
(e)	Earnings per Share [Basic and Diluted] - Rs.	20.12	21.22

41. Revenue Expenditure on Research and Development Rs. 113.89 lakhs (31st March 2011 - Rs.114.84 lakhs) represent subscription to Tea Research Association.

42. Information relating to Micro and Small Enterprises (MSEs):

	As at/Year ended 31st March 2012 Rs. Lakhs	As at/Year ended 31st March 2011 Rs. Lakhs
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year.		
Principal	-	-
Interest	-	-
	-	-
(ii) The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
(iii) The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development (MSMED) Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.		
Principal	-	0.20
Interest	-	1.62
(iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the MSEs, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	-	Refer Item (ii) above
The above particulars, as applicable, have been given in respect of MSEs to the extent they could be identified on the basis of information available with the Company.		

Notes to Financial Statements *(Contd.)*

43. Auditors' Remuneration :

(Included in Miscellaneous Expenses under Note 28)

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
As Auditors - Audit Fees	35.00	28.00
For Other Services		
Tax Audit Fees	12.50	12.50
Certification etc.	39.50	26.90
For Reimbursement of expenses		
Out of Pocket Expenses	0.94	1.21
Service Tax	10.22	7.07

44. Intangible Assets under Development

This represents Computer Software (acquired) which is under development.

45. Value of Imports calculated on CIF Basis

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
Components and Spare Parts	284.98	493.25
Capital Goods	331.89	92.65

46. Consumption of Stores, Spare Parts and Components

[including Rs. 2532.97 lakhs (31st March 2011 – Rs. 2396.75 lakhs) debited to other accounts]

	Year ended 31st March 2012		Year ended 31st March 2011	
	Rs. Lakhs	%	Rs. Lakhs	%
Imported	265.39	3.07	333.11	4.24
Indigenous	8380.75	96.93	7527.56	95.76
	8646.14	100.00	7860.67	100.00

47. Salaries and Wages excludes Rs. 1080.81 lakhs (31st March 2011 - Rs. 1003.02 lakhs) and Stores and Spares consumed excludes Rs. 2532.97 lakhs (31st March 2011 - Rs. 2396.75 lakhs) debited to other accounts.

48. Expenditure in Foreign Currency

	Year ended 31st March, 2012 Rs. Lakhs	Year ended 31st March, 2011 Rs. Lakhs
Consultancy (Net of Tax)	35.29	36.92
Pension	30.55	46.68
Travel	186.86	215.67
Selling Agents' Commission, Brokerage etc.	16.30	49.20
Ocean Freight	37.19	180.30
Royalty (Net of Tax)	338.55	283.19
Others	4.86	4.36

Notes to Financial Statements *(Contd.)*

49. Amount Remitted in Foreign Currency on account of :

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
Dividend	1365.31	1092.38
Year to which the dividend relates	Year Ended 31st March 2011	Year Ended 31st March 2010
Number of Non-Resident Shareholders	56	58
Number of Shares held by Non-Resident Shareholders	27306109	27309385

50. Earning in Foreign Currency

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
Export of Goods calculated on FOB Basis	39646.93	32564.14
Interest Income	242.11	165.70
Consultancy Income	111.15	61.36
Dividend Received	263.19	-

51. Items of Expenditure in the Profit and Loss Statement include reimbursements to and by the Company.

52. Exceptional Items comprise provision for diminution in carrying amount other than temporary Rs. 1500 lakhs (2010-11 – Rs. Nil) of long – term investments in respect of an associate of the Company and profit on disposal of investments Rs. 118.03 lakhs (2010-11 – Rs. Nil) in respect of another associate.

53. The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.

Signatures to Note 1 to 53.

For PRICE WATERHOUSE
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of the Board of Directors

P. Law
Partner
Membership Number 51790

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

A. Guha Sarkar
Company Secretary

Kolkata, 28th May, 2012

Cash Flow Statement for the year ended 31st March, 2012

	2011-12		2010-11	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		25666.70		28157.23
Adjustments for :				
Provision for Doubtful Debts		3.10		26.25
Provision for diminution in Long-term Investments		1500.00		-
Provision for Contingencies no longer required written back		-		(944.26)
Provision for Doubtful Debt no longer required written back		-		(3.00)
Credit arisen on recognition of an Investment		-		(22.00)
Liabilities no longer required written back		(367.22)		(249.82)
Bad Debts written off		-		108.97
Depreciation on Tangible Assets		2690.14		2504.18
Amortisation on Intangible Assets		250.00		250.00
Profit on Disposal of Fixed Assets (Net)		(155.32)		(171.73)
Profit on Disposal of Long Term Trade Investments		(118.03)		-
Interest Subsidy		(567.81)		(232.64)
Dividend on Long Term Trade Investments		(357.28)		(70.32)
Interest Income		(2536.15)		(1013.28)
Interest Expense		4461.98		3142.22
Unrealised Foreign Exchange Losses / (Gains)		549.46		(94.98)
Operating Profit before Working Capital changes		31019.57		31386.82
Changes in Working Capital				
Increase / (Decrease) in Trade Payables	1315.86		1022.82	
Increase / (Decrease) in Other Current Liabilities	1452.75		(118.92)	
Increase / (Decrease) in Provision	125.24		(1931.72)	
(Increase) / Decrease in Trade Receivables	(342.46)		519.66	
(Increase) / Decrease in Inventories	(459.53)		(1745.94)	
(Increase) / Decrease in Loans and Advances and Fixed Deposits	(5122.41)		(4734.64)	
(Increase) / Decrease in Other Current Assets	(606.64)		497.65	
(Increase) / Decrease in Other Non Current Assets	(0.95)	(3638.14)	108.85	(6382.24)
Cash Generated from Operations		27381.43		25004.58
Taxes paid (Net of refunds)		(5972.03)		(6296.66)
Net Cash from Operating Activities		21409.40		18707.92
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(11827.40)		(4592.36)
Purchase of Investments		(72.92)		(69.30)
Disposal of Fixed Assets		264.14		340.15
Capital Subsidy Received		287.25		117.88
Loans Recovered /(given)		1528.25		(890.00)
Redemption / Sale of Long Term Trade Investments		209.76		1.35
Interest Subsidy Received		-		383.73
Interest Received		1964.00		671.17
Interest on Tax Refunds		189.79		-
Dividend Received		357.28		70.32
Net cash used for Investing Activities		(7099.85)		(3967.06)

Cash Flow Statement for the year ended 31st March, 2012 *(Contd.)*

	2011-12		2010-11	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long-term Borrowings		-		500.00
Proceeds from Short-term Borrowings		3582.70		(1890.73)
Repayment of Long-term Borrowings		(7563.44)		(5624.41)
Interest paid		(4509.68)		(3120.52)
Dividend paid / Transferred to Investor Education and Protection Fund		(5416.28)		(4328.61)
Dividend Tax paid		(466.74)		(290.87)
Net cash used for financing activities		(14373.44)		(14755.14)
D. EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON				
Cash and Cash Equivalents		0.77		0.06
Net Decrease in Cash and Cash Equivalents (A+B+C+D)		**(63.12)**		**(14.22)**
Cash and Cash Equivalents at the beginning of the year (Refer Note 18)		394.23		408.45
Cash and Cash Equivalents at the end of the year (Refer Note 18) *		331.11		394.23
Changes in Cash and Cash Equivalents - Increase/ (Decrease)		**(63.12)**		**(14.22)**
* Includes the following balances which are available for use for specific purposes.				
Unpaid Dividend Account		171.24		114.73
Escrow Accounts/Fractional Share sale Proceeds Account		0.61		0.62

a) The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement prescribed under the Companies Act, 1956.

b) Also refer Note 53 to the Financial Statements.

c) Notes referred to above form an integral part of the Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date

For **PRICE WATERHOUSE**
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of the Board of Directors

P. Law
Partner
Membership Number 51790

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

A. Guha Sarkar
Company Secretary

Kolkata, 28th May, 2012

Auditors' Report on the Consolidated Financial Statements of Mcleod Russel India Limited

The Board of Directors of McLeod Russel India Limited

1. We have audited the attached consolidated Balance Sheet of McLeod Russel India Limited (the "Company") and its subsidiaries and associate company; hereinafter referred to as the "Group" (refer Note 29 to the attached consolidated financial statements) as at 31st March, 2012, the related consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We did not audit the financial statements of (i) one subsidiary included in the consolidated financial statements, which constitute total assets of Rs. 31628.40 Lakhs and net assets of Rs. 17212.42 Lakhs as at 31st March, 2012, total revenue of Rs. 20999.13 Lakhs, net profit of Rs.6636.26 Lakhs and net cash flows amounting to Rs. 1176.96 Lakhs for the year then ended; and (ii) one associate company which constitute net loss of Rs. 331.50 Lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and Accounting Standard (AS) 23 - Accounting for Investments in Associates in Consolidated Financial Statements, notified under sub-section 3C of Section 211 of the Companies Act, 1956.

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2012;

   b) in the case of the consolidated Profit and Loss Statement, of the profit of the Group for the year ended on that date: and

   c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants

P.Law
Partner
Membership Number-51790

Kolkata
28th May, 2012

Consolidated Balance Sheet as at 31st March, 2012

	Note	31st March 2012		31st March 2011	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	2	5472.79		5472.79	
Reserves and Surplus	3	169192.38	174665.17	146175.06	151647.85
Minority Interest			1173.91		-
Non-current Liabilities					
Long - term Borrowings	4	9397.07		14057.72	
Deferred Tax Liabilities (Net)	5	7692.09		7226.70	
Long - term Provisions	6	7188.24	24277.40	7151.16	28435.58
Current Liabilities					
Short-term Borrowings	7	10401.23		6913.45	
Trade Payables	8	7310.47		9369.94	
Other Current Liabilities	9	16200.21		15890.12	
Short-term Provisions	10	12093.68	46005.59	10644.22	42817.73
TOTAL			**246122.07**		**222901.16**
ASSETS					
Non-Current Assets					
Fixed Assets					
Tangible Assets	11	161573.95		150842.43	
Intangible Assets	12	24421.30		23806.28	
Capital Work-in-Progress		3138.96		1914.33	
Intangible Assets under Development		399.34	189533.55	117.61	176680.65
(Refer Note 47)					
Non-Current Investments	13	1896.77		3361.26	
Long - term Loans and Advances	14	15162.43		11758.75	
Other Non-current Assets	15	3781.74	20840.94	3785.85	18905.86
Current Assets					
Inventories	16	12478.70		9676.78	
Trade Receivables	17	2965.89		2035.66	
Cash and Bank Balances	18	3341.30		3102.46	
Short-term Loans and Advances	19	12752.75		10192.87	
Other Current Assets	20	4208.94	35747.58	2306.88	27314.65
TOTAL			**246122.07**		**222901.16**

This is the Consolidated Balance Sheet referred to in our report of even date

The notes are an integral part of these Financial Statements

For **PRICE WATERHOUSE**
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of the Board of Directors

P. Law
Partner
Membership Number 51790

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

A. Guha Sarkar
Company Secretary

Kolkata, 28th May, 2012

Consolidated Profit and Loss Statement for the year ended 31st March, 2012

	Note	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
Revenue from Operations	21	144531.69	126916.69
Other Income	22	4106.92	3233.60
Total Revenue		**148638.61**	**130150.29**
Expenses:			
Cost of Materials Consumed	23	15139.82	11398.23
Purchase of Tea		192.04	-
Changes in Inventories of Finished Goods	24	(727.34)	(1029.30)
Employee Benefits Expense	25	45886.78	41317.54
Finance Costs	26	5674.42	4170.55
Depreciation and Amortisation Expense	27	3696.63	3817.55
Other Expenses	28	45101.94	39194.60
Total Expenses		**114964.29**	**98869.17**
Profit before Exceptional Items and Tax		**33674.32**	**31281.12**
Exceptional Items	46	868.19	-
Profit before Taxation, Share of Earnings/(Loss) from Associates and Minority Interest		**32806.13**	**31281.12**
Tax expense:			
Current Tax		6672.63	6890.62
Less: MAT Credit		(1022.19)	(839.00)
Provision/ (Write back) relating to earlier years		(2363.27)	23.34
Deferred Tax		93.27	285.78
Profit after Taxation but before Share of Earnings/(Loss) from Associates and Minority Interest		**29425.69**	**24920.38**
Share of Associates' Earnings/ (Loss) Net		(331.50)	(275.13)
Minority Interest		(302.10)	1.65
Profit for the Year		**28792.09**	**24646.90**
Earnings per Equity Share: [Nominal Value per share : Rs. 5/- (Previous Year : Rs. 5/-)]	40		
- Basic		26.30	22.52
- Diluted		26.30	22.52

This is the Consolidated Profit and Loss Statement referred to in our report of even date

The notes are an integral part of these Financial Statements

For **PRICE WATERHOUSE**
Firm Registration Number 301112E
Chartered Accountants

For and on behalf of the Board of Directors

P. Law
Partner
Membership Number 51790

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

A. Guha Sarkar
Company Secretary

Kolkata, 28th May, 2012

Notes to Consolidated Financial Statements

for the year ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual and prudent basis, except for certain tangible assets which are being carried at revalued amounts.

These financial statements have been prepared to comply, in all material aspects, with the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of classification of current – non current assets and liabilities.

1.2 Tangible Assets

Tangible Assets are stated at acquisition cost or valuation net of accumulated depreciation and accumulated impairment losses, if any. Cost of extension planting is capitalised. An impairment loss is recognised wherever the carrying amount of the tangible assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

1.3 Intangible Assets

Intangible assets are stated at acquisition cost net of accumulated amortisation and accumulated impairment losses, if any. An impairment loss is recognised whenever the carrying amount of the intangible assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

1.4 Depreciation and Amortisation

Depreciation on straight line method is provided on book value of Tangible Fixed Assets (other than Estate and Development and Freehold Land) in the manner and at rates as per Schedule XIV to the Companies Act, 1956 of India (the Act). Items of fixed assets for which related actual cost do not exceed Rs.5,000 are fully depreciated in the year of purchase.

Tangible fixed assets of certain subsidiary companies are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings	20–40, 5-50
Plant and Equipment	12, 5-20
Estate and Development	33.33
Furniture and Fixtures	5-8, 3-5, 2-4
Vehicles	5–10, 4
Computer	4
Office Equipment	5-8

Intangible fixed assets are amortised on straight line method over their estimated economic lives as set out in Note 12.

Additional charge of depreciation on amount added on revaluation is adjusted against Revaluation Reserve, wherever available.

1.5 Investments

Long Term Investments are stated at cost. Provision is made for diminution, other than temporary. Gains/losses on disposal of investments are recognised as income / expenditure.

1.6 Inventories

Inventories are valued as under :

- Stores and Spare Parts : At lower of cost (determined under weighted average method) and net realisable value.

- Finished Goods : At lower of weighted average cost (including attributable charges and levies) and net realisable value.

- In case of certain subsidiary companies, Inventories are valued at lower of cost and net realisable value, cost being determined under FIFO method.

Notes to Consolidated Financial Statements *(Contd.)*

1.7 Revenue Recognition

Sale of products is recognised on completion of sale of goods. Sale includes tea claim and is net of sales return, sales tax etc. Other items are recognised on accrual basis.

1.8 Employee Benefits

a. Short Term Employee Benefits:

These are recognised at the undiscounted amount as expense for the year in which the related service is rendered.

b. Post Employment Benefit Plans:

Contributions under Defined Contribution Plans payable in keeping with the related schemes are recognised as expenditure for the year.

In case of Defined Benefit Plans, the cost of providing the benefit is determined using the Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the Profit and Loss Statement for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, if any, and as reduced by the fair value of plan assets, where funded. Any asset resulting from this calculation is limited to the present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan.

c. Other Long Term Employee Benefits (Unfunded):

The cost of providing long-term employee benefits is determined using Projected Unit Credit Method with actuarial valuation being carried out at each Balance Sheet date. Actuarial gains and losses and past service cost are recognised immediately in the Profit and Loss Statement for the period in which they occur. Other long term employee benefit obligation recognised in the Balance Sheet represents the present value of related obligation.

In case of a subsidiary company, Post Employment Defined Benefit Plan is accounted for on the full liability method.

1.9 Borrowing Cost

Interest and other costs in connection with the borrowing of funds by the Group are recognised as an expense in the period in which they are incurred unless these are attributable to the acquisition and construction of qualifying assets and added to the cost up to the date when such assets are ready for their intended use.

1.10 Research and Development

Revenue expenditure on Research and Development is recognised as a charge to the Profit and Loss Statement. Capital expenditure on assets acquired for Research and Development is added to Fixed Assets.

1.11 Accounting for Taxes on Income

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdiction.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Group re-assesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Parent Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Parent Company will pay normal income tax during the specified period.

1.12 Transactions in Foreign Currencies

Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the exchange rate prevailing on the Balance Sheet date. Foreign currency non-monetary items carried in terms of historical cost are reported using the exchange rate at the date of the transactions. Exchange differences arising on settlement of transactions and/or restatements are dealt with in the Profit and Loss Statement.

1.13 Derivative Instruments

Derivative financial instruments such as forward exchange contracts, currency swaps etc. are used to hedge its risks associated with foreign currency fluctuations relating to the underlying transactions, highly probable forecast transactions and firm commitments. In respect of Forward Exchange Contracts with underlying transactions, the premium or discount arising at the inception of such contract is amortised as expense or income over the life of contract.

Other Derivative contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements. Any profit or losses arising on cancellation of derivative instruments are recognised as income or expenses for the period.

In case of a subsidiary company Derivative Contracts outstanding at the balance sheet date are marked to market and resulting profits are also recognised in the financial statements.

1.14 Government Grants

Government grants related to specific fixed assets are deducted from gross values of related assets in arriving at their book value.

Government grants related to revenue are recognised in the Profit and Loss Statement.

1.15 Consolidation

Consolidated financial statements relate to McLeod Russel India Limited, the Parent Company and its subsidiary companies (the Group). The consolidated financial statements are in conformity with the Accounting Standard (AS) – 21 on Consolidated Financial Statements prescribed under the Act and are prepared as set out below:

(a) The financial statements of the Parent Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after adjustments/elimination of inter-company balances, transactions including unrealised profit etc.

(b) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances in all material respects and are presented to the extent practicable and possible, in the same manner as the Parent Company's separate financial statements.

(c) The excess of cost to the Parent Company of its investment in the subsidiary companies over the Parent's portion of equity of the subsidiary companies at the date those became subsidiary companies is recognised in the financial statements as goodwill which is not amortised.

(d) The translation of the functional currencies into Indian Rupees (reporting currency) is performed for equity in the foreign subsidiaries, assets and liabilities using the closing exchange rate at the Balance Sheet date, and for revenues, costs and expenses using average exchange rates prevailing during the period. The resultant exchange difference arising out of such transactions is recognised as part of equity (Foreign Currency Translation Adjustment Account) by the Parent Company until the disposal of investment.

(e) Investment in Associate Companies is accounted for in accordance with AS-23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' prescribed under the Act, under equity method.

Notes to Consolidated Financial Statements *(Contd.)*

2. SHARE CAPITAL

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Authorised		
12,00,00,000 (31.03.11 - 12,00,00,000) Equity Shares of Rs.5/- each	6000.00	6000.00
Issued, subscribed and paid-up		
10,94,55,735 (31.03.11 -10,94,55,735) Equity Shares of Rs 5/- each fully paid up	5472.79	5472.79
	5472.79	**5472.79**
(a) Aggregate number of Equity Shares allotted as fully paid up pursuant to Scheme of Arrangement / Schemes of Amalgamation without payment being received in cash (during five years immediately preceding the Balance Sheet date)	1118028	43643028

3 RESERVES AND SURPLUS

Rs. Lakhs

	General Reserve [Refer Note (a) below]	Securities Premium Account	Capital Reserve	Revaluation Reserve	Other Reserve [Refer Note (b) below]	Foreign Currency Translation Adjustment Account	Surplus in Profit and Loss Statement	Total
Balance at the beginning of the year	49686.88	11053.58	201.68	56411.93	19209.20	(3940.18)	13551.97	146175.06
Add: Profit for the year	-	-	-	-	-	-	28792.09	28792.09
Less: Transferred to General Reserve	-	-	-	-	-	-	14313.12	14313.12
Add: Transferred from Surplus in Profit and Loss Statement	14313.12	-	-	-	-	-	-	14313.12
Less: Adjustment on account of disposal of Revalued Assets	-	-	-	4.47	-	-	-	4.47
Less: Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets [Refer Note 27 below]	-	-	-	384.92	-	-	-	384.92
Add: Amount adjusted during the year	-	-	-	-	-	736.99	-	736.99
Add: Adjustment on account of Dividend [Refer Note 42]	-	-	-	-	-	-	1616.57	1616.57
Less: Proposed Dividend relating to Minority Interest	-	-	-	-	-	-	106.21	106.21
Less: Proposed Dividend by the Parent Company	-	-	-	-	-	-	6567.34	6567.34
Less: Tax on Proposed Dividend by the Parent Company	-	-	-	-	-	-	1065.39	1065.39
Balance at the end of the year	64000.00	11053.58	201.68	56022.54	19209.20	(3203.19)	21908.57	169192.38

a) Represents a free reserve not meant for any specific purpose.

b) Represents the balance amount of reserve which had arisen on transfer of Bulk Tea Division of Eveready Industries India Limited.

4 LONG-TERM BORROWINGS

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
SECURED		
Term Loan from Banks		
ICICI Bank Limited	4100.00	6400.00
Standard Chartered Bank	1244.69	1471.41
ICICI Bank UK Plc	4052.38	6186.31
	9397.07	**14057.72**

Notes to Consolidated Financial Statements *(Contd.)*

	31st March 2012		31st March 2011	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
5 DEFERRED TAX LIABILITIES (NET)				
A. Deferred Tax Liability				
i) Difference between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws		8864.72		8306.06
B. Deferred Tax Assets				
i) Voluntary Retirement Compensation	0.08		1.73	
ii) Items allowed for tax purpose on payment	548.45		428.65	
iii) Provision for Doubtful Debts, Advances etc.	624.10	1172.63	648.98	1079.36
Net Deferred Tax Liabilities (A-B) [Refer (c) below]		**7692.09**		**7226.70**
(c) Includes Rs. 372.12 lakhs (31.03.2011 - Net of Rs. 219.45 lakhs) on account of foreign exchange adjustment.				
6 LONG-TERM PROVISIONS				
Provision for Employee Benefits		2,836.82		2799.74
Provision for Contingencies (Refer Note 32 below)		4351.42		4351.42
		7188.24		**7151.16**
7 SHORT-TERM BORROWINGS				
Secured Loans repayable on demand from Banks				
Cash Credit, Packing Credit and Demand Loans		10401.23		6913.45
		10401.23		**6913.45**
8 TRADE PAYABLES				
Trade payables		7310.47		9369.94
		7310.47		**9369.94**
9 OTHER CURRENT LIABILITIES				
Current maturities of long-term debt		6512.38		10656.09
Interest accrued but not due on borrowings		229.39		241.34
Advances from Customers / Selling Agents		1077.54		146.20
Unpaid Dividends [Refer (a) below]		171.24		114.73
Unpaid matured deposits and Interest accrued thereon [Refer (a) below]		-		0.67
Unclaimed Fractional Share Sale Proceeds		0.61		0.62
Deposits Received from Agents		182.33		184.11
Employee Benefits Payable		4806.52		3825.65
Remuneration payable to Non -Whole time Directors		18.86		9.57
Statutory dues (including Provident Fund and Tax deducted at Source)		3147.92		657.72
Capital Liabilities		53.42		53.42
		16200.21		**15890.12**
(a) There are no amounts due for payment to the Investor Education and Protection Fund as at the year end				
10 SHORT-TERM PROVISIONS				
Provision for Employee Benefits		1259.95		1265.03
Others				
Provision for Income Tax (Net of Advance Tax)		1651.52		2013.78
Provision for Fringe Benefit Tax (Net of Advance Tax)		100.23		80.58
Proposed Dividend		6673.55		5472.79
Provision for Tax on Proposed Dividend		2373.43		1774.78
Provision for Wealth Tax		35.00		37.26
		12093.68		**10644.22**

Notes to Consolidated Financial Statements *(Contd.)*

11 TANGIBLE ASSETS

Rs. Lakhs

Particulars	GROSS BLOCK AT COST OR VALUATION					DEPRECIATION					NET BLOCK	
	As at 31st March, 2011	Added on Consolidation [Refer Note 29(b) below]	Additions/ adjustments during the year	Disposal/ adjustments during the year [Refer (b) and (d) below]	As at 31st March, 2012	Up to 31st March 2011 [Refer (f) below]	Added on Consolidation [Refer Note 29(b) below]	For the year	On disposal/ adjustments during the year [Refer (e) below]	Up to 31st March, 2012 [Refer (f) below]	Written down value as at 31st March, 2012	Written down value as at 31st March, 2011
Estate and Development	96261.82	2324.09	252.33	(363.39)	99201.63 [Refer (a)]	3373.59	248.32	57.38	(99.82)	3779.11	95422.52	92888.23
Freehold-Land [Refer (c)]	-	-	3007.20	-	3007.20	-	-	-	-	-	3007.20	-
Buildings	57846.99	330.30	3138.75	(497.56)	61813.60	17562.39	290.66	1199.19	(136.45)	19188.69	42624.91	40284.60
Plant and Equipment	38948.11	534.44	4320.27	(96.81)	43899.63	24529.84	523.19	1957.00	(48.34)	27058.37	16841.26	14418.27
Furniture and Fixtures	1559.02	1.36	125.02	(6.05)	1691.45	934.64	1.36	74.02	(4.15)	1014.17	677.28	624.38
Vehicles	5438.72	17.29	810.13	360.45	5905.69	3252.11	17.29	422.17	346.78	3344.79	2560.90	2186.61
Office Equipment	635.38	8.63	12.72	0.45	656.28	346.45	8.23	30.83	(3.36)	388.87	267.41	288.93
Computer	586.25	7.43	67.47	35.98	625.17	434.84	7.34	46.52	36.00	452.70	172.47	151.41
31st March, 2012	201276.29	3223.54	11733.89	(566.93)	216800.65	50433.86	1096.39	3787.11	90.66	55226.70	161573.95	150842.43
31st March, 2011	200711.74	–	8549.19	7982.05	201278.88	48020.68	–	3617.24	1201.47	50436.45	150842.43	

a) Conveyance deed is pending execution for Jaibirpara Tea estate for Rs. 293 lakhs (31.03.11 - Rs. 293 lakhs)

b) Includes Capital Subsidy in respect of following Tangible Assets
- Buildings - Rs. Nil (31.03.11 - Rs. 0.67 lakhs)
- Plant and Equipment - Rs. 271.39 lakhs (31.03.11 - Rs. 117.21 lakhs)
- Vehicles - Rs. 15.86 lakhs (31.03.11 - Rs. Nil)

c) Represents cost of proportionate share of undivided land pertaining to certain portion of multistoried building

d) Net of foreign exchange adjustment of Rs. 1963.74 lakhs [31.03.2011 - (Rs. 2967.72 lakhs)]

e) Net of foreign exchange adjustment of Rs. 903.02 lakhs [31.03.2011 - (Rs. 1147.76 lakhs)]

f) The opening and closing balance of Depreciation includes an Impairment Loss as set out below:-

	Impairment Loss as at 31st March	
	2012 Rs. Lakhs	2011 Rs. Lakhs
Estate and Development	2440.32	2440.32
Buildings	1217.25	1217.25
Plant and Equipment	362.43	362.43
	4020.00	4020.00

12 INTANGIBLE ASSETS

Rs. Lakhs

Particulars	GROSS BLOCK AT COST					AMORTISATION					NET BLOCK	
	As at 31st March, 2011	Added on Consolidation [Refer Note 29(b) below]	Additions/ adjustments during the year	Disposal/ adjustments during the year [Refer (b) below]	As at 31st March, 2012	Up to 31st March, 2011	Added on Consolidation [Refer Note 29(b) below]	For the year	On disposal/ adjustments during the year [Refer (c) below]	Up to 31st March, 2012	Written down value as at 31st March, 2012	Written down value as at 31st March, 2011
Intangible Assets												
Goodwill	20.44	-	-	-	20.44	20.44	-	-	-	20.44	-	-
Goodwill on Consolidation	19751.85	358.47	-	(458.26)	20568.58	-	-	-	-	-	20568.58	19751.85
Trade Mark [Brand] [Refer (a) below]	7446.85	-	-	(363.62)	7810.47	3392.42	-	294.44	(270.89)	3957.75	3852.72	4054.43
Computer Software	3.28	-	-	(0.37)	3.65	3.28	-	-	(0.37)	3.65	-	-
31st March, 2012	27222.42	358.47	-	(822.25)	28403.14	3416.14	-	294.44	(271.26)	3981.84	24421.30	23806.28
31st March, 2011	26389.25	624.60	-	(205.98)	27219.83	2731.85	-	615.98	(65.72)	3413.55	23806.28	

a) The above comprise :

i) Trade Mark (Brand - WM logo) of Rs. 5000.00 lakhs (31.03.11 - Rs. 5000 lakhs) acquired by the Parent Company which is being amortised over a working life of 20 years on prudent basis based on the valuation obtained by the management, considering the factors like effective life/utility; and

Notes to Consolidated Financial Statements *(Contd.)*

12 INTANGIBLE ASSETS *(contd.)*

ii) Other Trade Marks of Rs. 2340.45 lakhs (31.03.11 - Rs. 2340.45 lakhs) acquired by a subsidiary, which are being amortised over the expected economic lives of 5 to 20 years.

b) Represents foreign exchange adjustment of Rs. 822.25 lakhs [31.03.11 - (Rs. 205.98 lakhs)]

c) Represents foreign exchange adjustment of Rs. 271.26 lakhs [31.03.11 - (Rs. 65.72)]

13. NON-CURRENT INVESTMENTS

(Valued at cost unless stated otherwise) (In Equity Shares of Rs.10 each fully paid and at cost, except otherwise stated)	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Long Term		
Trade		
Investments in Equity Instruments - Associates		
Unquoted		
Babcock Borsig Limited 3305987 Shares [Refer (b) below]	-	1198.10
D1 Williamson Magor Bio Fuel Limited [Refer (c) below] 7281201 Shares (31.03.2011 - 7038101 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 324.38 lakhs (31.03.2011 - Rs. Nil)]	684.35	1267.30
Investments in Equity Instruments - Others		
Quoted		
Murablack India Limited 500000 Shares (31.03.2011 - 500000 Shares)	*	*
McNally Bharat Engineering Co. Limited 3052295 Shares (31.03.2011 - 3052295 Shares)	131.25	131.25
Williamson Financial Services Limited 1666853 Shares (31.03.2011 - 1666853 Shares)	519.33	519.33
Eveready Industries India Limited 1663289 Shares of Rs. 5/- each (31.03.2011 - 1663289 Shares)	169.66	169.66
Kilburn Engineering Limited 848168 Shares (31.03.2011 - 848168 Shares)	36.05	36.05
The Standard Batteries Limited 1003820 Shares of Re. 1/- each (31.03.2011 - 1003820 Shares)	*	*
Kilburn Chemicals Limited 350200 Shares (31.03.2011 - 350200 Shares)	14.04	14.04
Kilburn Office Automation Limited 31340 Shares (31.03.2011 - 31340 Shares)	1.27	1.27
Unquoted		
Babcock Borsig Limited 1299600 Shares [Refer (b) below] [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 359.74 lakhs (31.03.2011 - Rs. Nil)]	316.56	-
Dewrance Macneill & Co. Limited 200000 Shares (31.03.2011 - 200000 Shares)	*	*
Kilburn Electricals Limited 28000 Shares (31.03.2011 - 28000 Shares)	*	*
Cosepa Fiscal Industries Limited 350000 Shares (31.03.2011 - 350000 Shares)	*	*
Delhi Golf & County Club Private Limited 35750 Shares of Rs.100/- each (31.03.2011 - 35750 Shares)	*	*
Project India Blend Private Limited 250000 Shares (31.03.2011 - 250000 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 8.25 lakhs (31.03.2011 - Rs. 8.25 lakhs)]	-	-

Notes to Consolidated Financial Statements *(Contd.)*

13. NON-CURRENT INVESTMENTS *(contd.)*

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Other than Trade		
Investments in Equity Instruments - Others		
Quoted		
Suryachakra Seafood Limited 400000 Shares (31.03.2011 - 400000 Shares)	*	*
Unquoted		
Jalpaiguri Club Limited 523 Shares (31.03.2011 - 523 Shares)	-	-
Johnston Casting and Allied Industries Limited 3500 Shares (31.03.2011 - 3500 Shares)	-	-
Nilpur Marketing Pvt. Limited 12500 Shares (31.03.2011 - 12500 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 1.25 lakhs (31.03.2011 - Rs. 1.25 lakhs)]	-	-
Nilhat Shipping Company Limited 1000 Shares (31.03.2011 - 1000 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 0.10 lakhs (31.03.2011 - Rs. 0.10 lakhs)]	-	-
Woodlands Multispeciality Hospital Limited 229610 Shares (31.03.2011 - 229610 Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 0.01 lakhs (31.03.2011 - Rs. 0.01 lakhs)]	22.35	22.35
Investments in Preference shares		
Unquoted		
Thakurbari Club Limited 56 Preference Shares of Rs.100 each (31.03.2011 - 56 Preference Shares)	*	*
CFL Capital Financial Services Ltd. 1154790 13% Reedemable Cumulative Preference Shares of Rs.100 each (31.03.2011 - 1154790 Preference Shares) [Net of Provision other than temporary diminution in carrying amount of investment - Rs. 1160.56 lakhs (31.03.2011 - Rs. 1160.56 lakhs)]	-	–
Investments in Government or trust securities		
Quoted		
8% Government of India Loan - 2011 (since matured)	1.26	1.26
9% Government of India Loan - 2013	0.63	0.63
Unquoted		
National Defence Bond (Deposited with Excise Authorities)	0.02	0.02
	1896.77	**3361.26**
* Amount is below the rounding off norm adopted by the Company.		
(a) Aggregate amount of quoted investments	873.49	873.49
Aggregate market value of quoted investments	3829.42	8789.76
Aggregate amount of unquoted investments;	2877.57	3657.94
Aggregate provision for diminution in value of investments	1854.29	1170.17
(b) Re-classified under Investments in Equity Instruments -Others upon cessation of being an associate with effect from 28.03.12.		

Notes to Consolidated Financial Statements *(Contd.)*

		31st March 2012 Rs. Lakhs		31st March 2011 Rs. Lakhs
13. NON-CURRENT INVESTMENTS *(contd.)*				
(c) Investment in D1 Williamson Magor Bio Fuel Limited (Associate Company) [Refer Note 29(c)]				
Shares in Net Assets on Acquisition		1610.01		1585.11
Add : Goodwill arising on Acquisition		574.35		526.32
Cost of Investment		2184.36		2111.43
Less : Group's share in accumulated loss:				
As per last account	844.13		588.54	
Loss for the year	331.50	1175.63	255.59	844.13
		1008.73		1267.30
Less : Provision for diminution		324.38		-
		684.35		**1267.30**

14. LONG-TERM LOANS AND ADVANCES

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
(Unsecured - considered good unless otherwise stated) [Refer Note 32]		
Capital Advances	1741.72	535.63
Security Deposits:		
Considered Good	1165.28	1199.50
Considered Doubtful	61.49	58.63
Less: Allowance for Doubtful Security Deposits	(61.49)	(58.63)
Advance given for proposed acquisition of a Company	-	1065.90
Deposits with National Bank for Agriculture and Rural Development	8354.14	5354.14
Other Loans and Advances		
MAT Credit Entitlement	1385.96	839.00
Prepaid Expenses	405.24	478.51
Advances to Suppliers, Service Providers etc.	1217.20	1350.11
Loans to Others	850.00	850.00
Loans to Employees	38.56	79.10
Loans to Related Parties (Key Management Personnel) (a)	4.33	6.86
	15162.43	**11758.75**
(a) Such loans to key managerial personnel who are directors of the Parent Company were originally initiated as advances to employees in the books of Eveready Industries India Limited, taken over in terms of a Scheme of Arrangement in 2004-05.		

Notes to Consolidated Financial Statements *(Contd.)*

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
15. OTHER NON-CURRENT ASSETS [Refer Note 32]		
Book value of Investments held through Trust - 2,70,67,500 (31.03.11 - 2,70,67,500) Equity Shares of Rs. 5/- each in the Parent Company pursuant to a Scheme of Arrangement and a Scheme of Amalgamation given effect to in earlier years	892.79	892.79
Margin Money Deposit with bank (a)	13.98	13.03
Other Long Term Receivable		
From Sale of Tea Estates	198.76	198.76
Receivables from Tea Growers	391.99	397.05
Interest accrued on Loans and Deposits	2284.22	2284.22
	3781.74	**3785.85**
(a) For issuing Bank Guarantee		

16. INVENTORIES

At lower of cost and net realisable value		
Finished Goods (Stock of Tea)	5371.96	4636.20
[including in transit Rs. 191.56 lakhs (31.03.2011 - Rs 334.41 lakhs)]		
Stores and spares	7106.74	5040.58
	12478.70	**9676.78**

17. TRADE RECEIVABLES

Debts outstanding for a period exceeding six months from the date they are due for payment -		
Secured		
- Considered Good	350.00	350.00
Unsecured		
- Considered Good	547.20	188.14
- Considered Doubtful	217.02	213.92
Less: Provision for Doubtful Debts	(217.02)	(213.92)
Other Debts		
Unsecured		
- Considered Good	2068.69	1497.52
	2965.89	**2035.66**

18. CASH AND BANK BALANCES

A Cash and Cash Equivalents		
Cash on hand	162.39	203.10
Cheques on hand	-	0.02
Balance with banks in Current Accounts	3007.06	1908.99
Dividend Accounts	171.24	114.73
Escrow Accounts/Fractional Share Sale Proceeds Account	0.61	0.62
	3341.30	2227.46
B Other Bank Balances		
Fixed deposits with Maturity more than 3 months but less than 12 months (Refer Note 38)	-	875.00
	-	875.00
	3341.30	**3102.46**
(a) Margin Money Deposit kept with bank for issuing guarantee in favour of Third party has been disclosed under Other Non-Current Assets (Refer Note 15)		

Notes to Consolidated Financial Statements *(Contd.)*

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
19. SHORT-TERM LOANS AND ADVANCES		
(Unsecured - considered good unless otherwise stated) -		
Loans to Related Parties		
- Key Managerial Personnel (a)	2.53	3.30
Loans to Others		
Considered Good	622.89	2342.08
Considered Doubtful	248.00	248.00
Less: Provision for bad and Doubtful Loans	(248.00)	(248.00)
Deposits with National Bank for Agriculture and Rural Development	4000.00	2619.25
Other Loans and Advances		
MAT Credit Entitlement	475.23	-
Advance Tax	1489.45	407.36
Prepaid Expenses	703.02	500.90
Balance with Excise Authorities	12.03	44.50
Advance for Employee Benefits	725.77	516.50
Advance to Employees	290.76	128.49
Advance to Suppliers, Service Providers etc.		
Considered Good	3360.17	3320.96
Considered Doubtful	92.15	92.15
Less: Provision for bad and Doubtful Advances	(92.15)	(92.15)
Loans to Employees	203.09	250.85
Deposit with Government Authorities	41.42	23.63
Claim Receivable	126.39	35.05
Tax payment under protest (Refer Note 39)	700.00	-
	12752.75	10192.87
(a) Such loans to key managerial personnel who are directors were originally initiated as advances to employees in the books of Eveready Industries India Limited taken over in terms of a Scheme of Arrangement in 2004-05.		

20. OTHER CURRENT ASSETS

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
(Unsecured - considered good unless otherwise stated)		
Interest Accrued on Loans and Deposits		
Considered Good	755.74	411.93
Considered Doubtful	173.35	173.35
Less: Provision for Doubtful Interest Receivable	(173.35)	(173.35)
Subsidies receivable from Government	1586.21	969.79
Compensation receivable from Government	36.98	8.01
Accrued duty exemption benefits pertaining to exports	1446.21	917.15
Foreign Exchange Derivative Assets	383.80	-
	4208.94	2306.88

Notes to Consolidated Financial Statements *(Contd.)*

	Year Ended 31st March 2012		Year Ended 31st March 2011	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
21. REVENUE FROM OPERATIONS				
Sale of Products				
- Tea	141126.36		123700.36	
- Tea Waste	72.36	141198.72	86.38	123786.74
Other Operating Revenues				
Consultancy Fees	22.89		61.36	
Subsidy on Orthodox Tea	100.84		103.11	
Replantation Subsidy	546.53		395.33	
Transport Subsidy	301.78		268.58	
Excise Duty Rebate	-		0.95	
Accrued duty exemption entitlement and other Benefits relating to exports / premium on sale thereof	2360.93	3332.97	2300.62	3129.95
		144531.69		126916.69

22. OTHER INCOME

Interest Income (Gross)				
On Deposits	789.45		585.96	
On Loans	1382.78		403.85	
On Tax Refunds	189.79	2362.02	0.51	990.32
Interest Subsidy		567.81		232.64
Dividend on Long Term Trade Investments		94.09		70.32
Insurance Claims		227.52		169.85
Sundry Income		305.68		258.59
Profit on Disposal of Fixed Assets (net)		182.58		186.41
Provision for Contingencies no Longer Required Written Back		-		944.26
Liabilities no Longer Required Written Back		367.22		249.82
Provision for Doubtful Debt no Longer Required Written Back		-		3.00
Net Gain on Foreign Currency Transaction and Translation		-		128.39
		4106.92		3233.60

23. COST OF MATERIALS CONSUMED

Green Leaf (purchased and consumed)		15139.82		11398.23
		15139.82		11398.23

24. CHANGES IN INVENTORIES OF FINISHED GOODS

Stock of Tea at the beginning of the year (a)		4644.62		3606.90
Less: Stock of Tea at the end of the year		5371.96		4636.20
(Increase)/Decrease		(727.34)		(1029.30)
(a) Includes adjustment relating to exchange difference etc. Rs. 8.42 lakhs (31.03.11 - Rs. Nil)				

25. EMPLOYEE BENEFITS EXPENSE

Salaries and Wages		35990.55		31541.26
Contribution to Provident and Other Funds		4618.41		4682.36
Labour and Staff Welfare		5277.82		5093.92
		45886.78		41317.54

	Year Ended 31st March 2012		Year Ended 31st March 2011	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
26. FINANCE COSTS				
Interest Expense				
On Fixed Loans	2216.75		1760.32	
Others	3195.21	5411.96	2171.62	3931.94
Other Borrowing Costs		262.46		238.61
		5674.42		**4170.55**

27. DEPRECIATION AND AMORTISATION EXPENSE

Depreciation on Tangible Assets	3787.11		3617.24	
Less: Withdrawn on account of Depreciation on amount added on Revaluation of Tangible Assets [Refer Note 3]	(384.92)	3402.19	(415.67)	3201.57
Amortisation of Intangible Assets		294.44		615.98
		3696.63		**3817.55**

28. OTHER EXPENSES

Consumption of Stores and Spare Parts		8352.79		7381.88
Power and Fuel		13534.49		11229.61
Rent		237.58		102.65
Lease Rent		8.18		18.30
Repairs - Buildings		1878.46		1926.05
- Machinery		2690.13		2373.17
- Others		1355.48		1234.24
Insurance		619.98		426.29
Rates and Taxes [including wealth Tax Rs. 35.00 lakhs (2010-2011 - Rs 30.00 Lakhs)]		431.31		460.97
Cess on Black Tea		395.55		234.07
Assam Green Leaf Cess		1116.10		1064.30
Travelling		1397.85		1172.21
Legal and Professional Fees		1032.06		1072.15
Freight, Shipping and Selling Expenses		6996.85		6156.73
Brokerage on Sales		649.80		548.87
Selling Agents' Commission		459.76		474.77
Bad Debts written off		-		108.97
Provision for Doubtful Debts		3.10		26.25
Net Loss on Foreign Currency Transaction and Translation		664.93		-
Loss on Derivative Contracts		54.01		-
Miscellaneous Expenses		3223.53		3183.12
		45101.94		39194.60

Notes to Consolidated Financial Statements *(Contd.)*

29. (a) The Consolidated Financial Statements for the year comprise the financial statements of the Parent Company and its subsidiary companies as detailed below:-

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at 31st March		Reporting date
		2012	2011	
Subsidiaries				
i) Borelli Tea Holdings Limited (BTHL)	United Kingdom	100%	100%	31st March
ii) Phu Ben Tea Company Limited (Phu Ben)	Vietnam	100%	100%	31st December
iii) Rwenzori Tea Investments Limited (RTIL)	Uganda	100%	100%	31st December
iv) Mcleod Russel Uganda Limited (MRUL)	Uganda	100%	100%	31st December
v) Olyana Holdings LLC (OHL)	U.S.A.	95%	95%	31st December
vi) Gisovu Tea Company Limited (GTCL) [Refer (b) below]	Rwanda	60%	-	31st December
vii) McLeod Russel Middle East [MRME (DMCC)]	United Arab Emirates	100%	-	31st March

(b) During the year the Group has acquired a subsidiary GTCL with effect from 23rd February 2011 for a consideration of Rs. 1065.90 lakhs (USD 24.00 lakhs) through its another subsidiary OHL. Pursuant to such acquisitions, goodwill on consolidation Rs. 381.31 lakhs has been accounted for in keeping with related accounting policy set out in Note 1.15 above and the Financial Statement of GTCL has been considered in these consolidated Financial Statements. The reported net profit for the year ended 31st December, 2011 and the year-end total assets as on that date of GTCL (on standalone basis) were Rs. 1006.92 lakhs and Rs. 3959.25 lakhs respectively.

Further the Group has formed a subsidiary MRME (DMCC) on 9th May 2011 through its another subsidiary BTHL.

(c) The Consolidated Financial Statements also include the Group's interest in the following Associate Companies accounted for under equity method based on their financial statements:

Associate	Country of Incorporation	Proportionate of ownership Interest as at 31st March, 2012	Proportionate of ownership Interest as at 31st March, 2011
D1 Williamson Magor Bio Fuel Limited	India	34.30%	33.93%
Babcock Borsig Limited @	India	-	48.33%
@ Babcock Borsig Limited has ceased to be an associate of the Company w.e.f. 28.03.2012.			

30. Schemes of Amalgamation/Scheme of Arrangement given effect to in earlier years

Pending completion of the relevant formalities of transfer of certain assets and liabilities acquired pursuant to the Schemes, such assets and liabilities remain included in the books of the Parent Company under the name of the transferor companies (including other companies which were amalgamated with the transferor companies from time to time).

Notes to Consolidated Financial Statements *(Contd.)*

31. Employee Benefits :

I. Post Employment Defined Contribution Plans:

During the year an amount of Rs 3449.67 lakhs (31st March 2011 - Rs. 2738.73 lakhs) has been recognised as expenditure towards Defined Contribution plans of the Parent Company.

II. Post Employment Defined Benefit Plans:

(a) Gratuity (Funded)

The Parent Company's gratuity scheme, a defined benefit plan, covers the eligible employees and is administered through certain gratuity fund trusts. Such gratuity funds, whose investments are managed by insurance companies/trustees themselves, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum limit of Rs. 10.00 lakhs. Vesting occurs upon completion of five years of service.

(b) Superannuation (Funded)

The Parent Company's Superannuation scheme, a Defined Benefit plan, is administered through trust funds and covers certain categories of employees. Investments of the funds are managed by insurance companies /trustees themselves. Benefits under these plans had been frozen in earlier years with regard to salary levels then prevailing with the exception of a few employees. Upon retirement, death or cessation of employment, Superannuation Funds purchase annuity policies in favour of vested employees or their spouses to secure periodic pension. Such superannuation benefits are based on respective employee's tenure of employment and salary.

(c) Staff Pension – Type A (Funded)

The Parent Company's Staff Pension Scheme – Type A, a Defined Benefit plan, is administered through a trust fund and covers certain categories of employees. Investments of the fund are managed by Life Insurance Corporation of India. Pursuant to the scheme, monthly pension is paid to the vested employee or his/her nominee upon retirement, death or cessation of service based on the respective employee's salary and tenure of employment subject to a limit on the period of payment in case of nominee. Vesting occurs upon completion of twenty years of service.

(d) Staff Pension – Type B (Unfunded)

The Parent Company's Staff Pension Scheme – Type B, a Defined Benefit Plan, covers certain categories of employees. Pursuant to the scheme, monthly pension is paid to the vested employee or his/her nominee upon retirement, death or cessation of service based on the respective employee's salary and tenure of employment subject to a limit on the period of payment in case of nominee. Vesting occurs upon completion of twenty years of service.

(e) Medical Insurance Premium Re-imbursement (Unfunded)

The Parent Company has a scheme of re-imbursement of medical insurance premium to certain categories of employees and their surviving spouses, upon retirement, subject to a monetary limit. The company has introduced a scheme of re-imbursement of medical expenses to a certain category of employees up to a certain monetary limit. The scheme is in the nature of Defined Benefit plan.

(f) Expatriate Pension (Unfunded)

The Parent Company has an informal practice of paying pension to certain categories of retired expatriate employees and in certain cases to their surviving spouses. The scheme is in the nature of Defined Benefit plan.

The following Tables sets forth the particulars in respect of aforesaid Defined Benefit plans of the Parent Company for the year ended 31st March, 2012 and corresponding figures for the previous year.

Notes to Consolidated Financial Statements *(Contd.)*

Rs. Lakhs

Description	Gratuity Fund (Funded)	
	2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	9579.29	8508.40
Interest Cost	775.77	641.29
Current Service Cost	573.76	505.37
Past Service Cost	-	-
Benefits Paid	905.26	984.48
Actuarial loss/(gain) on obligation	550.94	908.71
Present Value of obligation at the end of the year	10574.50	9579.29
Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	9773.53	7100.68
Expected Return on Plan Assets	781.88	568.05
Contributions	1323.42	3031.61
Benefits Paid	905.26	984.48
Actuarial gain/(loss) on Plan Assets	(52.88)	57.67
Fair Value of Plan Assets at the end of the year	10920.69	9773.53
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	10574.50	9579.29
Fair Value of Plan Assets at end of the year	10920.69	9773.53
Net Asset/(Liability) Recognised in Balance Sheet	346.19	194.24
Expense Recognised in Profit and Loss Statement		
Current Service Cost	573.76	505.37
Past Service Cost	-	-
Interest Cost	775.77	641.29
Expected Return on Plan Assets	781.88	568.05
Actuarial loss/(gain) recognised in the year	603.82	851.04
Expense Recognised in Profit and Loss Statement	@ 1171.47	@ 1429.65
@ included in Contribution to Provident and Other Funds (Note 25)		
Category of Plan Assets		
Investments in Bonds and Special Deposit	36.21	480.37
Investments with Life Insurance Corporation of India	1797.08	1703.92
Investments with other Insurance Companies	9006.92	7501.14
Others including Bank Balances	80.48	88.10
Total	**10920.69**	**9773.53**
Actual Return on Plan Assets	729.00	631.80
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0
Inflation Rate (%)	5.0	5.0
Return on Asset (%)	8.0	8.0

Notes to Consolidated Financial Statements *(Contd.)*

Rs. Lakhs

Description	Superannuation Fund (Funded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	1879.33	2018.52
Interest Cost	156.68	152.02
Current Service Cost	-	-
Benefits Paid	71.98	236.55
Actuarial loss/(gain) on obligation	(53.68)	(54.66)
Present Value of obligation at the end of the year	1910.35	1879.33
Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	2209.49	2233.99
Expected Return on Plan Assets	176.76	178.72
Contributions	-	54.13
Benefits Paid	71.98	236.55
Actuarial gain/(loss) on Plan Assets	(16.44)	(20.80)
Fair Value of Plan Assets at the end of the year	2297.83	2209.49
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	1910.35	1879.33
Fair Value of Plan Assets at end of the year	2297.83	2209.49
Net Asset/(Liability) Recognised in Balance Sheet	387.48	330.16
Expense Recognised in Profit and Loss Statement		
Current Service Cost	-	-
Interest Cost	156.68	152.02
Expected Return on Plan Assets	176.76	178.72
Actuarial loss/(gain) recognised in the year	(37.24)	(33.86)
Expense Recognised in Profit and Loss Statement	@ (57.32)	@ (60.56)
@ Included in Contribution to Provident and other Funds (Note 25)		
Category of Plan Assets		
Investments in Bonds and Special Deposit	64.24	202.04
Investments with Life Insurance Corporation of India	203.12	181.76
Investments with other Insurance Companies	2004.24	1786.87
Others including Bank Balances	26.23	38.82
Total	**2297.83**	**2209.49**
Actual Return on Plan Assets	160.32	162.58
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0
Return on Asset (%)	8.0	8.0

Rs. Lakhs

Description	Staff pension Fund Type A (Funded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	441.38	407.45
Interest Cost	36.58	32.52
Current Service Cost	39.38	36.67
Benefits Paid	21.95	1.70
Actuarial loss/(gain) on obligation	(98.43)	(33.56)
Present Value of obligation at the end of the year	396.96	441.38

Notes to Consolidated Financial Statements *(Contd.)*

Rs. Lakhs

Description	Staff pension Fund Type A (Funded) (contd.) 2011-12	2010-11
Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	105.24	98.55
Expected Return on Plan Assets	8.42	7.88
Contributions	0.23	0.46
Benefits Paid	21.95	1.70
Actuarial gain/(loss) on Plan Assets	(1.18)	0.05
Fair Value of Plan Assets at the end of the year	90.76	105.24
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	396.96	441.38
Fair Value of Plan Assets at end of the year	90.76	105.24
Net Asset/(Liability) Recognised in Balance Sheet	(306.20)	(336.14)
Expense Recognised in Profit and Loss Statement		
Current Service Cost	39.38	36.67
Interest Cost	36.58	32.52
Expected Return on Plan Assets	8.42	7.88
Actuarial loss/(gain) recognised in the year	(97.25)	(33.61)
Expense Recognised in Profit and Loss Statement	@ (29.71)	@ 27.70
@ Included in Contribution to Provident and Other Funds (Note 25)		
Category of Plan Assets		
Investments with Life Insurance Corporation of India	90.76	105.24
Total	**90.76**	**105.24**
Actual Return on Plan Assets	7.24	7.93
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0
Inflation Rate (%)	5.0	5.0
Return on Asset (%)	8.0	8.0

Rs. Lakhs

Description	Staff pension Type B (Unfunded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	2686.96	2537.87
Interest Cost	222.49	197.71
Current Service Cost	182.63	149.49
Benefits Paid	138.83	132.83
Actuarial loss/(gain) on obligation	(150.09)	(65.28)
Present Value of obligation at the end of the year	2803.16	2686.96
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	2803.16	2686.96
Fair Value of Plan Assets at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(2803.16)	(2686.96)
Expense Recognised in Profit and Loss Statement		
Current Service Cost	182.63	149.49
Interest Cost	222.49	197.71
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	(150.09)	(65.28)
Expense Recognised in Profit and Loss Statement	# 255.03	# 281.92
# included in Salaries and Wages (Note 25)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0
Inflation Rate (%)	5.0	5.0

Notes to Consolidated Financial Statements *(Contd.)*

Rs. Lakhs

Description	Medical Benefit Liability (Unfunded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	282.73	289.88
Interest Cost	24.03	23.19
Current Service Cost	-	-
Benefits Paid	22.57	18.05
Actuarial loss/(gain) on obligation	42.31	(12.29)
Present Value of obligation at the end of the year	326.50	282.73
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	326.50	282.73
Fair Value of Plan Assets at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(326.50)	(282.73)
Expense Recognised in Profit and Loss Statement		
Current Service Cost	-	-
Interest Cost	24.03	23.19
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	42.31	(12.29)
Expense Recognised in Profit and Loss Statement	* 66.34	*10.90
* included in Insurance (Note 28)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0

Rs. Lakhs

Description	Expatriate Pension (Unfunded) 2011-12	2010-11
Changes in present value of defined benefit obligation during the year ended 31st March		
Present value of obligation at the beginning of the year	43.46	59.02
Interest Cost	2.36	2.81
Current Service Cost	-	-
Benefits Paid	31.49	47.72
Actuarial loss/(gain) on obligation	28.32	29.35
Present Value of obligation at the end of the year	42.65	43.46
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	42.65	43.46
Fair Value of Plan Assets at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(42.65)	(43.46)
Expense Recognised in Profit and Loss Statement		
Current Service Cost	-	-
Interest Cost	2.36	2.81
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	28.32	29.35
Expense Recognised in Profit and Loss Statement	# 30.68	# 32.16
# included in Salaries and Wages (Note 25)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.5	8.0

Notes to Consolidated Financial Statements *(Contd.)*

The estimates of rate of inflation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment sphere.

Plan assets represent investment in various categories. The return on amounts invested with LIC is declared annually by them. Return on amounts invested with Insurance Companies, other than LIC, is mostly by way of Net Asset Value declared on units purchased, with some schemes declaring returns annually. Investment in Bonds and Special Deposit carry a fixed rate of interest.

The expected return on plan assets is determined after taking into consideration composition of the plan assets held, assessed risk of asset management and other relevant factors.

Rs. Lakhs

Other Particulars	31st March 2012	2011	2010	2009	2008
	Gratuity Fund (Funded)				
Defined Benefit Obligation	10574.50	9579.29	8508.40	6903.02	6628.54
Plan Assets	10920.69	9773.53	7100.68	4952.18	4540.70
Surplus/(Deficit)	346.19	194.24	(1407.72)	(1950.84)	(2087.84)
Experience Adjustments on Plan Liabilities	939.06	499.79	235.67	(1.77)	92.57
Experience Adjustments on Plan Assets	(52.88)	57.67	306.47	(51.77)	130.38
	Superannuation Fund (Funded)				
Defined Benefit Obligation	1910.35	1879.33	2018.52	2222.68	2418.93
Plan Assets	2297.83	2209.49	2233.99	2031.74	2203.06
Surplus/(Deficit)	387.48	330.16	215.47	(190.94)	(215.87)
Experience Adjustments on Plan Liabilities	(36.74)	(23.17)	(8.67)	67.79	26.22
Experience Adjustments on Plan Assets	(16.44)	(20.80)	141.63	(88.31)	24.02
	Staff Pension Fund Type A (Funded)				
Defined Benefit Obligation	396.96	441.38	407.45	373.73	303.81
Plan Assets	90.76	105.24	98.55	113.81	160.00
Surplus/(Deficit)	(306.20)	(336.14)	(308.90)	(259.92)	(143.81)
Experience Adjustments on Plan Liabilities	(30.19)	4.21	1.71	12.58	(8.20)
Experience Adjustments on Plan Assets	(1.18)	0.05	0.09	(58.99)	(1.32)
	Staff Pension Fund Type B (Unfunded)				
Defined Benefit Obligation	2803.16	2686.96	2537.87	2241.47	2299.58
Plan Assets	NA	NA	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA	NA	NA
Experience Adjustments on Plan Liabilities	(69.00)	112.42	47.53	(88.07)	(36.52)
Experience Adjustments on Plan Assets	NA	NA	NA	NA	NA
	Medical Benefit Liability (Unfunded)				
Defined Benefit Obligation	326.50	282.73	289.88	291.04	282.50
Plan Assets	NA	NA	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA	NA	NA
Experience Adjustments on Plan Liabilities	(14.55)	(10.95)	(4.51)	(0.17)	(7.45)
Experience Adjustments on Plan Assets	NA	NA	NA	NA	NA

Notes to Consolidated Financial Statements *(Contd.)*

Rs. Lakhs

Other Particulars	31st March 2012	2011	2010	2009	2008
	Expatriate Pension (Unfunded)				
Defined Benefit Obligation	42.65	43.46	59.02	85.60	156.19
Plan Assets	NA	NA	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA	NA	NA
Experience Adjustments on Plan Liabilities	28.80	5.59	7.52	(10.30)	(32.77)
Experience Adjustments on Plan Assets	NA	NA	NA	NA	NA
NA : Not Applicable					

(g) **Provident Fund:**

Contributions towards provident funds are recognised as expense for the year. The Parent Company has set up Provident Fund Trusts in respect of certain categories of employees which is administered by Trustees. Both the employees and the Parent Company make monthly contributions to the Funds at specified percentage of the employee's salary and aggregate contributions along with interest thereon are paid to the employees/nominees at retirement, death or cessation of employment. The Trusts invest funds following a pattern of investments prescribed by the Government. The interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Parent Company.

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on Employee Benefits issued by the Accounting Standard Board of The Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Parent Company is defined benefit plan in view of the Parent Company's obligation to meet shortfall, if any, on account of interest.

Unlike in earlier years, the Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Project Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Parent Company as at the balance sheet date. Further during the year, the Parent Company's contribution of Rs. 237.07 lakhs (31st March 2011 – Rs. 189.10 lakhs) to the Provident Fund Trust has been expensed under the 'Contribution to Provident and Other Funds'. Disclosures given hereunder are restricted to the information available as per the Actuary's report.

	2011-12	2010-11
Principal Actuarial Assumptions		
Discount Rate	8.50%	#
Expected Return on Exempted Fund	8.90%	#
Expected EPFO Return	8.25%	#
# This being the first year of valuation, previous year figures are not available		

(h) **Gratuity Plan (Unfunded) in respect of MRUL, a subsidiary company:**

MRUL's terms and conditions of employment provide for a gratuity to Ugandan nationals employed by the company. The gratuity is payable after completion of five years' service upon resignation, retirement or termination and on condition that the employee leaves honourably. The gratuity is calculated at twenty working days per year of service for employees

Notes to Consolidated Financial Statements *(Contd.)*

with five to ten years service and thirty working days per year of service for those with more than ten years service. The provision takes account of service rendered by employees up to the balance sheet date and is accounted for on the full liability method.

No allowance is made in the provision calculation for those employees with less than 5 years service, as they do not qualify for gratuity.

(i) **Gratuity Plan (Unfunded) in respect of MRME (DMCC), a subsidiary company:**

Provision is made for end-of-service gratuity payable to the staff at the balance sheet date in accordance with United Arab Emirates labour law.

32. There are certain overdue loans and advances, interest accrued on loans and other recoverable items aggregating Rs. 4351.42 lakhs (31st March 2011 - Rs. 4351.42 lakhs). These advances became overdue on account of the sluggish market conditions and the resultant difficulty in liquidating the assets by these parties. The management is actively continuing to pursue options for recovery of these loans and advances. As a measure of prudence, and in the management's best judgement Rs. 4351.42 lakhs (31st March 2011 - Rs. 4351.42 lakhs) is being held in provision for contingency, for overdue, loans and advances etc. at the year end (Refer Note 6).

33. Contingent Liabilities

a) Claims against the Company not acknowledged as debts : -

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Sales Tax	26.37	26.37
Electricity Dues	29.27	32.47
Assam Pollution Control Board	7.41	7.41
Provident Fund	68.43	68.43
Income Tax	247.65	79.49
Service Tax	75.48	75.48
Disputed Labour Claims	80.22	138.09
Duty on Tea stock	2.34	6.30
Others	18.13	-

b) Bank Guarantees Rs. 102.94 lakhs (31st March 2011 - Rs. 83.28 lakhs)

c) Bills Discounted – Rs. 1014.45 lakhs (31st March 2011– Rs. 2445.65 lakhs)

34. TAXATION

Current Tax charge for the year, in case of the Parent Company, has been reckoned after taking into account, benefit under Section 33AB of the Income Tax Act, 1961 (which are available on timely deposit of required amount with development bank).

35. COMMITMENTS

Estimated capital commitment on account of contracts remaining to be executed and not provided for at the year- end is Rs. 3719.85 lakhs (31st March 2011 - Rs. 1256.20 lakhs). Such commitment, net of advances is Rs. 1978.13 lakhs (31st March 2011 - Rs. 720.57 lakhs).

Notes to Consolidated Financial Statements *(Contd.)*

36. Segment Information

The Group is primarily engaged in the business of cultivation, manufacture and sale of tea across various geographical locations with different political and economic environment, risks and returns etc, and accordingly geographical segments has been considered by the Group as primary reporting format.

The geographical segments have been identified as India, Vietnam, Uganda and Rwanda.

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Segment Revenue		
India	123532.57	110111.00
Vietnam	4091.57	3561.99
Uganda	14275.40	13243.70
Rwanda	2413.18	*
	144312.72	**126916.69**
Unallocable	218.97	-
Total	**144531.69**	**126916.69**
Segment Results (Profit before Interest and Tax)		
India	28587.41	29921.69
Vietnam	199.51	299.54
Uganda	5346.27	4523.05
Rwanda	1379.42	*
Total	**35512.61**	**34744.28**
Less: Finance Cost	5674.42	4170.55
Other Unallocated Expenditure – net of Income	(3836.13)	(707.39)
Exceptional Items	868.19	-
Profit before Taxation, share of Earnings from Associates and Minority Interest	**32806.13**	**31281.12**
Less: Taxation Charge		
Current Tax	6672.63	6890.62
Less : MAT Credit	(1022.19)	(839.00)
Provision/(write back) relating to earlier years	(2363.27)	23.34
Deferred Tax	93.27	285.78
Profit after Taxation but before share of Earning from Associates and Minority Interest	**29425.69**	**24920.38**
Segment Assets		
India	174112.20	162696.79
Vietnam	5078.14	4114.36
Uganda	16736.09	10844.71
Rwanda	3950.19	*
	199876.62	**177655.86**
Unallocable	46245.45	22022.20
	246122.07	**199678.06**
Segment Liabilities		
India	72715.59	75236.05
Vietnam	4123.37	190.50
Uganda	5431.92	1111.36
Rwanda	1014.29	*
	83285.17	**76537.91**
Unallocable	162836.89	2507.47
	246122.06	**79045.38**

Notes to Consolidated Financial Statements *(Contd.)*

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Acquisition of Fixed Assets relating to Segments		
India	10648.23	4647.59
Vietnam	212.93	693.27
Uganda	2085.64	508.02
Rwanda	251.13	*
	13197.93	**5848.88**
Unallocable	42.32	719.56
	13240.25	**6568.44**
Depreciation and Amortisation relating to Segments		
India	2940.14	2754.18
Vietnam	215.81	187.30
Uganda	450.59	510.09
Rwanda	40.77	*
	3647.31	**3451.57**
Unallocable	49.32	365.98
	3696.63	**3817.55**
Significant non-cash expenses other than Depreciation and Amortisation relating to Segments	-	-
* Rwandan subsidiary was acquired with effect from 23rd February, 2011 and included in the consolidation based on its financial statements as of 31st December, 2011.		
The Group does not have any Secondary Segment		

37. Information given in accordance with the requirement of Accounting Standard 18 on Related Party Disclosures prescribed under the Act : -

(a) List of Related Parties

i. Key Management Personnel (of the Parent Company)

Managing Director - Mr. Aditya Khaitan (AK)
Wholetime Directors - Mr. R. Takru (RT)
- Mr. A. Monem (AM)
- Mr. K. K. Baheti (KKB)

ii. Relatives of Key Management Personnel with whom transactions took place during the year.

Mr. B. M. Khaitan (BMK) - Father of Mr. Aditya Khaitan
Mr. D. Khaitan (DK) - Brother of Mr. Aditya Khaitan

iii Others :

- Associates :
D1 Williamson Magor Bio Fuel Limited (D1)
Babcock Borsig Limited (BBL) (upto 28th March 2012)

(b) Transactions / Balances with Key Management Personnel

	Remuneration		Dividend paid		Sale of Fixed Assets		Loan Outstanding as at	
	2011-12 Rs. Lakhs	2010-11 Rs. Lakhs	2011-12 Rs. Lakhs	2010-11 Rs. Lakhs	2011-12 Rs. Lakhs	2010-11 Rs. Lakhs	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
AK	248.50	216.25	0.36	0.29	-	-	-	-
RT	122.80	101.52	0.04	0.03	-	141.60	6.73	9.13
AM	122.42	93.92	-	-	-	148.50	0.13	1.03
KKB	122.06	100.23	0.01	0.01	-	-	-	-
Total	**615.78**	**511.92**	**0.41**	**0.33**	**-**	**290.10**	**6.86**	**10.16**

(c) Transactions / Balances with relatives of Key Management Personnel

	As at/Year ended 31st March 2012 Rs. Lakhs	As at/Year ended 31st March 2011 Rs. Lakhs
Directors' Sitting Fees		
BMK	0.80	0.60
DK	0.60	0.20
Commission		
BMK	2.50	1.20
DK	2.50	1.20
Dividend Paid		
BMK	1.81	1.45
DK	0.59	0.47
Amount outstanding at year end		
BMK	2.50	1.20
DK	2.50	1.20

(d) Transactions / Balances with Associate

Name of Associate	Nature of Transactions/Balances	As at/Year ended 31st March 2012 Rs. Lakhs	As at/Year ended 31st March 2011 Rs. Lakhs
D1	Subscription in Share Capital during the year	72.93	69.30
	Balance of Investments at the year-end	684.35	1267.30

38. Fixed Deposits with Bank held by the Parent Company (Note 18.B) are under lien and represents the following:

	31st March 2012 Rs. Lakhs	31st March 2011 Rs. Lakhs
Offered as security for a guarantee of USD Nil (31st March 2011 - USD 1.674 million) {Rs. Nil (31st March 2011 - Rs. 742.09 lakhs)} issued by a bank on behalf of BTHL a wholly owned subsidiary of the Parent Company in connection with repayment of certain dues by its wholly owned subsidiary, Phu Ben	-	875.00

39. In connection with an overseas acquisition of a subsidiary in 2005, the Income Tax authority had raised a demand of Rs.5278 lakhs during the year 2009-10 on the Parent Company on account of alleged non-deduction of tax at source and interest thereon pertaining to the transaction. The Parent Company has challenged the said demand before the appropriate authorities and the matter is pending. Further, the Parent Company has obtained a stay against the said demand from the Hon'ble High Court of Calcutta. The Parent Company has deposited Rs. 700.00 lakhs (31st March 2011- Rs. Nil) during the year with Income Tax Authority under protest (Refer Note 19). In any event, as per the related Share Purchase Agreement, Capital Gain tax or other tax, if any, relating to sale of shares etc. is to be borne by the seller and not the Parent Company.

40. Earnings per Equity Share :

		Year ended 31st March 2012	Year ended 31st March 2011
a]	Numerator used:		
	Profit after Taxation and Minority Interest (Rs. Lakhs)	28792.09	24646.90
b]	Denominator used		
	Weighted Average Number of Equity Shares	10,94,55,735	10,94,55,735
c]	Face Value of Equity Shares - Rs.	5	5
d]	Dilutive Potential Equity Shares	-	-
e]	Earnings per Share [Basic and Diluted] – Rs.	26.30	22.52

Notes to Consolidated Financial Statements *(Contd.)*

41. Revenue Expenditure on Research and Development Rs. 113.89 lakhs (31st March 2011 - Rs. 114.84 lakhs) represent subscription to Tea Research Association.

42. Adjustment on account of dividend comprises :

(a) Dividend paid during the year 2011-12 by the Parent Company on Equity Share held by its subsidiary Rs. 1353.38 lakhs (2010-11 – Rs. 1082.70 lakhs); and

(b) Dividend paid during the year 2011-12 by the subsidiary to the Parent Company Rs. 263.19 lakhs (2010-11 – Rs. Nil)

43. Lease Commitments:

A non cancellable operating lease agreement had been entered during the year 2007-08 for a period of three years, in connection with a motor car. There is an option for renewal of lease for further period of one year after expiry of three years and purchase of the motor car at negotiated price.

Following amount has been charged in the Consolidated Profit and Loss Statement on account of lease rental :

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
Lease Rent	8.18	18.30
The future minimum lease commitment of the Group is as under :		
Up to one year	8.92	8.32

44. Following items, to the extent indicated, have been measured and recognised on the basis of different accounting policies applied by certain subsidiary companies, as set out in Note 1 above, as compared to those applied by the Parent Company. It is not practicable to use uniform accounting policies in preparing the consolidated financial statements. Had the accounting policies of the Parent Company being applied, the impact thereof on the expenditure for the year and year-end carrying amounts of assets / liabilities is not ascertainable at this stage.

	Year ended 31st March 2012 Rs. Lakhs	Year ended 31st March 2011 Rs. Lakhs
Income and Expenditure		
Depreciation / Amortisation	756.49	1033.50
Foreign Exchange Gain on Derivative	383.80	-

	As at 31st March 2012 Rs. Lakhs	As at 31st March 2011 Rs. Lakhs
Assets and Liabilities		
Inventories	3315.90	2636.46
Accumulated Depreciation	12601.57	9813.43
Provision for Employee Benefit		
- Long term	42.37	37.19
- Short term	300.52	401.20
Foreign Exchange Derivative Assets	383.80	-

45. D1 an Associate apply accounting policies relating to the following items which are different from those followed by the Parent Company :

(a) Depreciation is provided by D1 on written down value method as against straight line method; and

(b) Inventory is valued by D1 on FIFO method as against weighted average method.

It is not considered practicable to quantify the impact of differences for making appropriate adjustments in the financial statements of the aforesaid Associate for the purpose of consolidation.

Notes to Consolidated Financial Statements *(Contd.)*

46. Exceptional Items comprise provision for diminution, other than temporary, in carrying amount of long-term investments Rs. 660.77 lakhs (31st March 2011 – Rs. Nil) and losses on disposal of long-term investments (net) Rs. 207.42 lakhs (31st March 2011 – Rs. Nil) in Associates of the Group.

47. Intangible Assets under Development represents acquisition cost of Computer Software which is under development.

48. Items of Expenditure in the Consolidated Profit and Loss Statement include reimbursements to and by the Parent Company.

49. The previous year figures have been regrouped/ reclassified to conform with this year's classification.

Signatures to Note 1 to 49.

For PRICE WATERHOUSE
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors

P. Law
Partner
Membership Number 51790

A. Khaitan	K. K. Baheti	A. Guha Sarkar
Managing Director	*Wholetime Director*	*Company Secretary*

Kolkata, 28th May, 2012

Consolidated Cash Flow Statement for the year ended 31st March, 2012

	2011-12		2010-11	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation, Share of Earnings/(Loss) from Associates and Minority Interest		32806.13		31281.12
Adjustments for :				
Provision for Doubtful Debts		3.10		26.25
Provision for Diminution in Long-term Investments		660.77		-
Provision for Contingencies no longer required written back		-		(944.26)
Provision for Doubtful Debt no longer required written back		-		(3.00)
Credit arisen on recognition of an Investment		-		(22.00)
Liabilities no longer required written back		(367.22)		(249.82)
Bad Debts written off		-		108.97
Depreciation on Tangible Assets		3402.19		3201.57
Amortisation on Intangible Assets		294.44		615.98
Profit on Disposal of Fixed Assets (Net)		(182.58)		(186.41)
Loss on Disposal of Long Term Trade Investments		207.42		-
Interest Subsidy		(567.81)		(232.64)
Dividend on Long Term Trade Investments		(94.09)		(70.32)
Interest Income		(2362.02)		(990.32)
Interest Expense		5411.96		3931.94
Unrealised Foreign Exchange Losses / (Gains)		549.46		(94.99)
Exchange difference on translation of foreign currency		(1050.51)		617.90
Operating Profit before Working Capital changes		38711.24		36989.97
Changes in Working Capital				
Increase / (Decrease) in Trade Payables	(1692.25)		2304.16	
Increase / (Decrease) in Other Current Liabilities	4392.29		(118.92)	
Increase / (Decrease) in Provision	29.74		(1931.72)	
(Increase) / Decrease in Trade Receivables	(907.17)		(1349.23)	
(Increase) / Decrease in Inventories	(2801.92)		(1695.73)	
(Increase) / Decrease in Loans and Advances and Fixed Deposits	(4655.16)		(4435.68)	
(Increase) / Decrease in Other Current Assets	(990.44)		524.96	
(Increase) / Decrease in Other Non Current Assets	4.11	(6620.80)	108.85	(6593.31)
Cash Generated from Operations		32090.44		30396.66
Taxes paid (Net of refunds)		(5734.06)		(7671.83)
Net Cash from Operating Activities		**26356.38**		**22724.83**
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(14446.34)		(6240.05)
Purchase of Long-term Investments		(72.92)		(69.30)
Acquisition of Investments in a Subsidiary Company		-		(748.07)
Disposal of Fixed Assets		581.24		352.81
Capital Subsidy Received		-		117.88
Loans Recovered /(given)		1811.07		(209.46)
Redemption / Sale of Long Term Trade Investments		337.72		1.35
Interest Subsidy Received		-		383.73
Interest Received		2018.21		795.09
Dividend Received		94.09		70.32
Net cash used for Investing Activities		**(9676.93)**		**(5545.70)**

Consolidated Cash Flow Statement for the year ended 31st March, 2012 *(Contd.)*

	2011-12		2010-11	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long-term Borrowings		-		3609.31
Proceeds from Short-term Borrowings		3487.78		805.64
Repayment of Long-term Borrowings		(9380.76)		(7427.79)
Repayment of Short-term Borrowings		-		(4962.76)
Interest paid		(5406.96)		(4057.77)
Dividend paid / Transferred to Investor Education and Protection Fund		(3799.71)		(6017.15)
Dividend Tax paid		(466.74)		(290.87)
Net cash used for Financing Activities		(15566.39)		(18341.39)
D. EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON				
Cash and Cash Equivalents		0.78		(89.71)
Net Decrease in Cash and Cash Equivalents (A+B+C+D)		1113.84		(1251.97)
Cash and Cash Equivalents at the beginning of the year (Refer Note 18)		2227.46		3479.43
Cash and Cash Equivalents at the end of the year (Refer Note 18) *		3341.30		2227.46
Changes in Cash and Cash Equivalents-Increase/ (Decrease)		1113.84		(1251.97)
* Includes the following balances which are available for use for specific purposes.				
Unpaid Dividend Account		171.24		114.73
Escrow Accounts/Fractional Share sale Proceeds Account		0.61		0.62

(a) The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statement prescribed under the Companies Act, 1956.

(b) Also refer Note 49 to the Consolidated Financial Statements.

(c) Adjustment of advances to the extent of Rs 1065 Lakhs (31st March 2011 - Rs Nil) against acquisition of Gisovu Tea Company Limited, a subsidiary, being non-cash transactions, has not been included in the above Consolidated Cash Flow Statement.

(d) Notes referred to above form an integral part of the Consolidated Cash Flow Statement.

This is the Consolidated Cash Flow Statement
referred to in our report of even date

For **PRICE WATERHOUSE**
Firm Registration Number: 301112E
Chartered Accountants

For and on behalf of the Board of Directors

P. Law
Partner
Membership Number 51790

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director

A. Guha Sarkar
Company Secretary

Kolkata, 28th May, 2012

Statement containing financial information of Subsidiary Companies

(in terms of General Circular No.2/2011 dated 8th April 2011 issued by the Ministry of Corporate Affairs)

Name of the Subsidiary Company	Borelli Tea Holdings Limited	Phu Ben Tea Company Limited	Rwenzori Tea Investments Limited	McLeod Russel Uganda Limited	Olyana Holdings LLC	Gisovu Tea Company Limited	McLeod Russel Middle East DMCC
Reporting Currency	British Pound (GBP)	Vietnamese Dong (VND)	Uganda Shillings (Ushs)	Uganda Shillings (Ushs)	US Dollars (USD)	Rwandan Franc (RWF)	US Dollars (USD)
Financial Year ends on	31st March	31st December	31st December	31st December	31st December	31st December	31st March
Exchange Rate as on 31.03.2012	81.620	0.002	0.020	0.020	51.013	0.083	51.013
	Rs. in Lakhs*	Rs. In Lakhs*	Rs. In Lakhs*	Rs. In Lakhs*	Rs. In Lakhs*	Rs. In Lakhs*	Rs. In Lakhs*
* Capital	295.46	2,029.52	6,854.72	8,330.72	1,582.30	1,770.19	27.80
* Reserves and Surplus	14,248.74	(1,074.76)	1,202.37	6,636.54	(1,582.21)	1,165.71	(99.18)
* Total Assets	25,046.91	5,078.14	8,057.10	20,399.18	5.95	3,950.20	395.95
* Total Liabilities (including Shareholders' Fund)	25,046.91	5,078.14	8,057.10	20,399.18	5.95	3,950.20	395.95
* Non -current Investments	18,908.32	-	8,057.10	-	-	-	-
* Turnover	451.97	4,366.32	-	15,335.25	-	2,574.68	234.18
* Profit before Taxation	3,371.48	14.73	2,301.27	7,953.64	(9.10)	1,466.96	(99.18)
* Provision for Taxation	434.11	-	-	5.05	-	392.65	-
* Profit after Taxation	2,937.38	14.73	2,301.27	7,948.59	(9.10)	1,074.31	(99.18)
* Dividend (Interim/Proposed and provided in Accounts)	##	-	2,301.27	2,301.27	-	265.53	-
Country	United Kingdom	Vietnam	Uganda	Uganda	U.S.A	Rwanda	Dubai

The Board of Directors of Borelli Tea Holdings Ltd. has recommended a dividend of GBP 2 per share .(i.e. 200%)

However, as per Accounting Standards in U.K., provision for the same has not been made in their books of accounts.

Particulars of Tea Estates

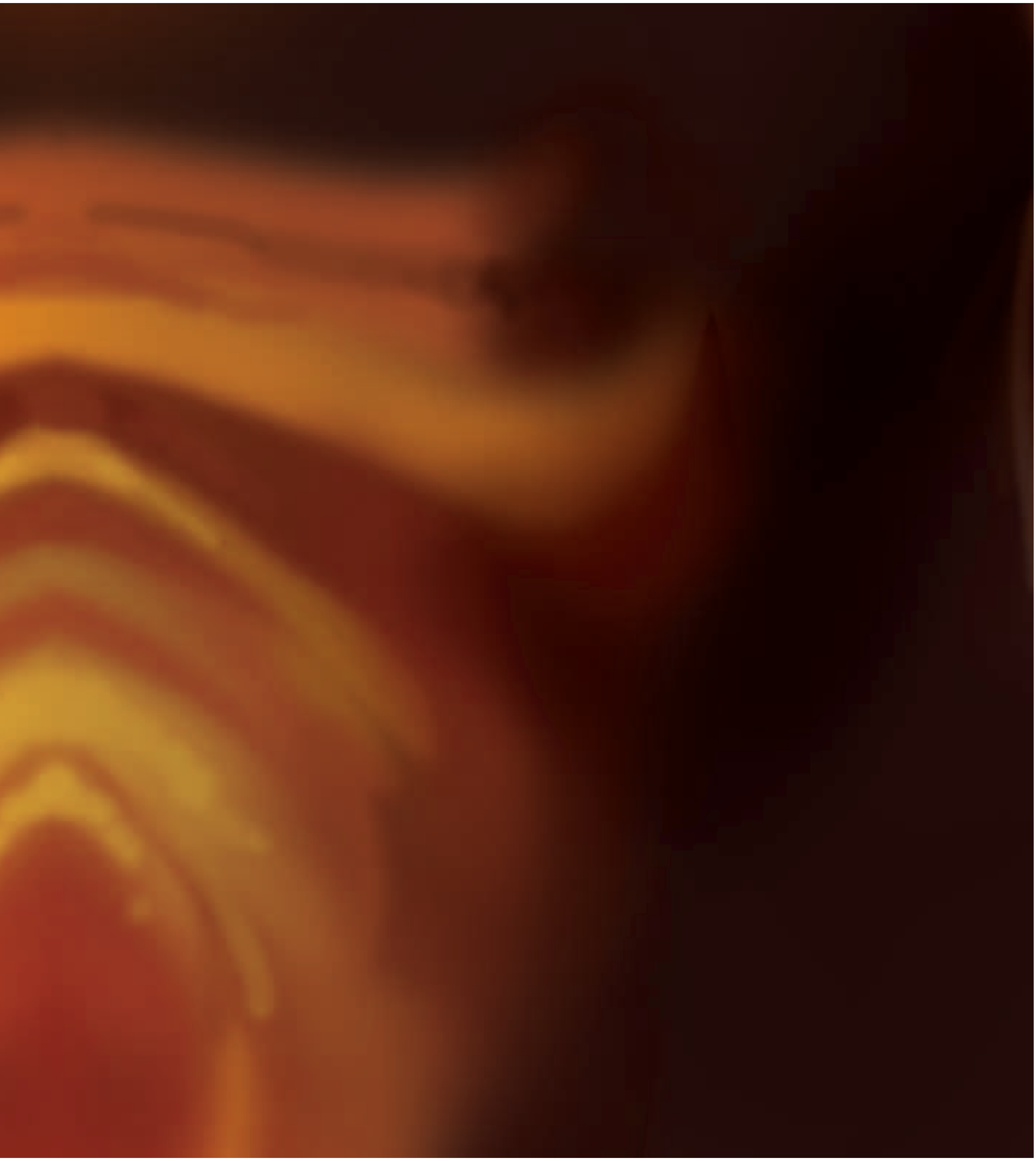
Locations	Estates	Area Under Tea (Hect.)	Saleable Production for 2011-12 (Kgs.)
Bishnauth	Dekorai	859.50	2130961
	Mijicajan	959.86	1753888
	Monabarie	1141.41	3191887
	Pertabghur	803.27	1810030
Dhunseri	Behora	700.49	1326790
	Bukhial	566.68	1203001
Doom Dooma	Baghjan	602.28	1679649
	Bordubi	891.09	1719028
	Koomsong	707.31	1406455
	Phillobari	397.21	1222109
	Beesakopie/Daimukhia	1247.31	1555783
	Samdang	912.74	1497745
	Raidang	961.91	1820006
East Boroi	Bargang	1036.90	2065242
	Behali	582.47	1946011
	Boroi	417.21	1136550
	Dufflaghur	702.89	1782588
	Halem	588.80	1932672
	Nya Gogra	645.99	1868377
Jorhat	Hunwal	900.07	2006610
Mangaldai	Attareekhat	532.55	2066660
	Bhooteachang	623.72	1613812
	Borengajuli	623.53	1997753
	Corramore	482.57	1550187
	Dimakusi	437.22	1479284
	Paneery	414.29	940221
Margherita	Bogapani	859.68	2325366
	Dehing	490.64	1651960
	Dirok	786.86	2252792
	Margherita	607.54	1618151
	Namdang	752.99	1995055

Particulars of Tea Estates *(contd.)*

Locations	Estates	Area Under Tea (Hect.)	Saleable Production for 2011-12 (Kgs.)
Moran	Attabarrie	401.44	881227
	Dirai	675.72	2039885
	Lepetkatta	435.44	969384
	Moran	626.19	1236793
	Rajmai	479.87	1344780
	Sepon	614.68	1567866
Thakurbari	Addabarie	684.50	1318305
	Harchurah	455.99	918554
	Phulbari	864.53	1783347
	Rupajuli	370.54	648427
	Tarajulie	488.39	767836
	Tezpore & Gogra	535.94	1096859
Tingri	Dirial	591.23	1673968
	Itakhooli	392.45	736116
	Keyhung	602.14	1422672
	Mahakali	575.97	1090172
Dooars	Bhatpara	618.60	942673
	Central Dooars	770.49	1108205
	Chuapara/Jaibirpara	862.61	1255193
	Jainti/Chuniajhora	617.27	976051
	Mathura	674.16	983170
	Total	**34575.13**	**79308106**

Production includes tea made out of inter-estate transfer/purchase of green leaf.

Notes



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