



McLEOD RUSSEL

Believe in tea

Responsible Leadership

McLEOD RUSSEL INDIA LIMITED

Annual Report 2013-14





“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*



C O N T E N T S

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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*

C O R P O R A T E I D E N T I T Y

At McLeod Russel, we are driven by a sense of responsibility to each of our stakeholders.

- To our customers, we provide a product that is safe, healthy and consistent.
- To our employees, we provide a secure, remunerative and balanced work-life scenario.
- To our financial stakeholders, we provide de-risked sustainable growth.
- To our community, we provide a secure buyback and growing incomes.
- To our industry, we provide our experience and association.
- To the government, we provide consistent compliance and increased taxes.

The reconciliation of these diverse interests has graduated McLeod Russel (including subsidiaries) into the largest private sector tea plantation company in the world.



Lineage

- McLeod Russel India Limited (McLeod Russel) is a member of the Williamson Magor Group engaged in the business of tea production for over 140 years.
- Effective April 2004, the bulk tea division of Eveready Industries India Limited, another company in the Group, demerged into McLeod Russel with the objective to focus completely on the tea plantation business.
- In July 2005, McLeod Russel acquired Borelli Tea Holdings Limited, UK, and gained control over its subsidiary Williamson Tea Assam Limited owning 17 tea estates in India. In 2006 and 2007, McLeod Russel acquired Doom Dooma Tea Company Limited and Moran Tea Company India Limited. These acquired entities were merged with McLeod Russel between 2006 and 2008.
- Borelli acquired 100% control of Phu Ben Tea Company Limited of Vietnam in March 2009 and McLeod Russel Uganda Limited in January 2010 and 60% of Gisovu Tea Company Limited of Rwanda in February 2011. Borelli formed two more subsidiaries, namely McLeod Russel Middle East DMCC in Dubai and McLeod

Russel Africa Limited in Kenya in 2011 and 2013 respectively, which are engaged in tea trading and blending.

Promoters

McLeod Russel represents a balance of proprietary and professional interests. The Company is managed by Mr. Brij Mohan Khaitan (Chairman), Mr. Deepak Khaitan (Vice Chairman), Mr. Aditya Khaitan (Managing Director), 3 Wholtime Directors and 6 Independent Directors.



Location

- McLeod Russel is headquartered in Kolkata (India) with 39542 hectares under tea cultivation globally.
- The estates/production units of the Company (and subsidiaries) comprise 53 estates in India (48 in Assam, 5 in West Bengal,

6 in Vietnam, 6 in Uganda and 1 in Rwanda).

- The Group exports tea to 25 countries across the world.

Listing

The shares of the Company are listed on Calcutta (CSE), Bombay (BSE) and National (NSE) Stock Exchanges. The Company enjoyed a market capitalisation of Rs. 334168 lakhs as on 31st March 2014.

Accreditations and awards

McLeod Russel's globally respected accreditations and certifications helped enhance its export footprint and realisations.

The Company has been recognised with Fairtrade, Rainforest Alliance, Hazard Analysis Critical Control Point (HACCP), Ethical Tea Partnership and International Organisation for Standardisation (ISO 22000) certifications, extending across a number of its tea estates.

Business

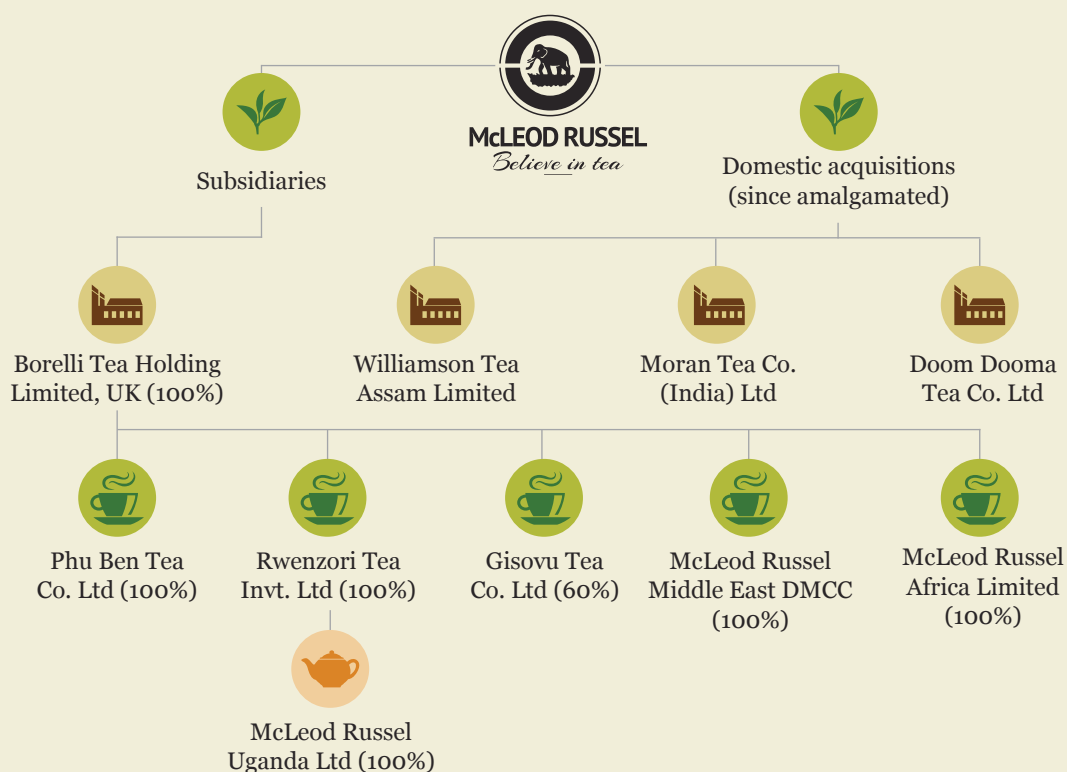
● The Company is engaged in the cultivation, processing and sale of tea. It mainly produces CTC tea in India, Africa and Vietnam, accounting for nearly 90 per cent of its production; the rest of the tea manufactured by the Company is of the Assam orthodox variety in Assam and Vietnam and Green tea in Vietnam.

● The Company (including subsidiaries) produced 112.23 million kilograms of tea in 2013-14; it was one of the largest global black tea exporters in 2013-14.

● The Company's state-of-the-art tea blending facility at Nilpur (Assam) catered to the growing demand from overseas and domestic customers for bespoke blends of the Company's own teas from India.

● McLeod Russel Middle East DMCC, a subsidiary, was established at Dubai in 2011 to serve as a trading and marketing hub for multi-origin blends emerging from the Group's estates in India, Vietnam and Africa. It provides solutions to customers looking for tea varieties in straight line, blended or value-added forms.

OUR ORGANISATIONAL STRUCTURE

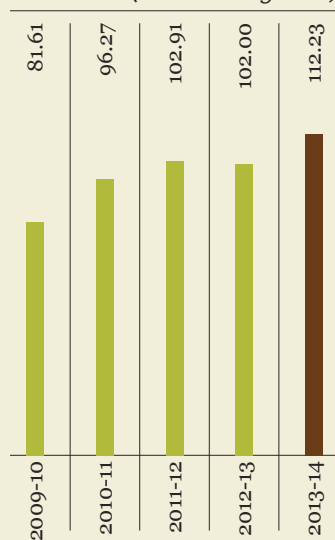




HIGHLIGHTS (CONSOLIDATED)

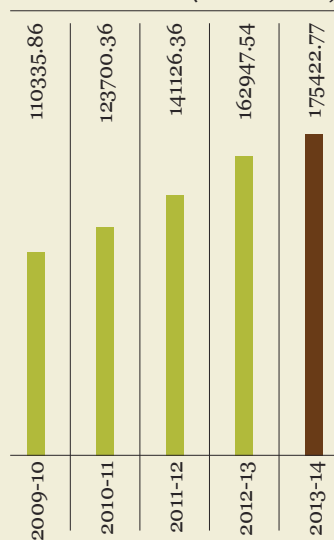
Saleable Production

(million kilograms)



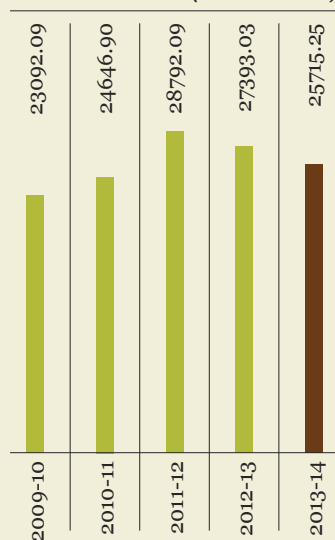
Sale of Tea

(Rs. in Lakhs)



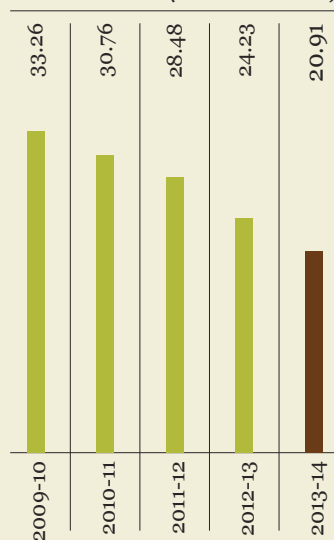
PAT

(Rs. in Lakhs)



EBIDTA margin

(as a % of sales)



OUR BUSINESS MODEL



Good agricultural practices

- Selective clonal policy developed over years of cutting-edge R&D initiatives
- Strict maintenance of plucking rounds
- Production of quality raw material (high fine leaf component)
- Competent green leaf handling and transport capabilities
- Uprooting and replanting @ 2% per year (since 1995)
- Productive age profile; 40% of area under 25 years
- Average yields in India at 1934

kilograms/hectare which is well above industry average

Good manufacturing practices

- Robust manufacturing initiatives
 - Capacity geared for peak crop processing
 - All factories ISO 22000 - certified
 - Factories standardized as per global norms
- Complete compliance in product safety, traceability and product recall
- Standardisation of practices via our policy manual

- Manufacturing policy formulated by the legendary John Trinick (renowned tea technologist)

Exclusive HR policy

- Workplace governed by a healthy and safe work environment
- Minimal employee attrition
- Leadership and personnel development including succession plan
- Internal growth of human resources (minimal external recruitment in the middle and senior levels)



- Training, best practices and information exchange through exposure visits to global plantations.

- Transparent reward and recognition policy

High value quality tea

- Business plan through effective discussions

- Targets (commercial and personal development) covered by KPIs (Key Performance Indicators)

- Mid-term target review to encourage ethical and transparent behaviour.

- Transparent performance evaluation

Sustainable produce

- Soil conservation and management

- Water conservation with an emphasis on rain water harvesting

- Integrated pest and weed management

- Afforestation and preservation of natural habitat

- Prudent energy conservation

- Waste management and disposal

CSR – a way of life

- Extension of health facilities/ services to neighbouring communities.

- Creation of an educational institution (Assam Valley School).

- Promotion and recognition of literary/scholastic pursuits.

- Economic empowerment for local/neighbouring communities

- Vocational training for communities in and around estates.





At McLeod Russel,
we consider ourselves
responsible for enhancing
value sustainably for our
stakeholders.

OVER THE YEARS,
THIS SENSE OF RESPONSIBILITY
HAS STRENGTHENED OUR
BUSINESS MODEL.

- We created a business model largely protected from industry cyclicality
- We created a steady customer profile that makes it possible to pre-sell more than 70 per cent of the teas that we grow
- We have grown faster than the industry average through the increased proportion of leaf purchases
- Our credit rating has gone up by five notches over the years to AA+ as per rating done by ICRA
- We created a balanced shareholding profile comprising FIIs and institutional shareholders
- We strengthened our Balance Sheet through high liquidity and low gearing

Responsibility and shareholders

At McLeod Russel, we have demonstrated proactive willingness through a number of initiatives that have relatively de-risked our Company and enhanced long-term shareholder value.





To our business model, we have infused the following commitments:

Economies-of-scale: The Company (together with its subsidiaries) has grown its business from a presence in one country a decade ago to a presence in four; from 18806 hectares under tea cultivation in 2004-05 to 39542 hectares (global) in 2014-15, which accounts for the largest such coverage by any single company in the world; from an output of 40.11 million kilograms in 2004-05 to 112.23 million kilograms in 2013-14.

Climatic de-risking: The Company has widened its presence from one country to four with corresponding benefits in terms of climatic de-risking. Besides, the volume derived from the North East Indian gardens as a proportion of overall volume declined from a high of 100 per cent in 2008-09 to 78 per cent.

Process orientation: The Company strengthened its

operational discipline across gardens and countries through the creation of a documented manual (standard operating procedures) with the objective to reduce arbitrary interventions, increase process consistency and enhance knowledge sharing.

Rejuvenation: The Company uproots around 2% of its aggregate bush population each year, replenished with a blend of new tea bushes (high quality or high quantity). The Company uprooted a cumulative 9000 hectares from 1995-96 onwards, sacrificing short-term profits for long-term benefits. This uprooting notwithstanding, the Company's yield is among the highest and one of the most resistant to climate change. Nearly 75% of the Company's bushes are less than 50 years old, a period when they are most productive.

Capability: McLeod Russel invested more than Rs. 39874 lakhs in fixed assets in India and Rs. 51061 lakhs globally in the five years leading to 2013-14 with

corresponding improvements in productivity. The Company's factories reported a 90-95% average utilisation in 2013-14; 80% of the factories were covered by captive power generation (DG sets) that helped enhance utilisation.

Hedge: The Company pre-sells nearly 70 per cent of its export volumes and 40 per cent of its domestic sales, securing realisations.

The result is that the industry cyclicality notwithstanding, the Company outperformed the sectoral growth average and paid a cumulative Rs. 28447.31 lakhs as dividend over the decade ending 2013-14. Dividends rose from 20% in 2006-07 to 140% in 2012-13, while market capitalisation quintupled over the decade and is being increasingly perceived as a defensive holding across a number of institutional portfolios. We give below the comparative dividend payout figures which include dividend distribution tax.

Rs. **65815** lakhs
Market capitalisation, 2006-07

Rs. **334168** lakhs
Market capitalisation, 2013-14

17.55 %
of shareholding held
by FIIs, 2006-07

34.43 %
of shareholding held
by FIIs, 2013-14

Rs. **1267** lakhs
Dividend payout, 2006-07

Rs. **8797** lakhs
Dividend payout (proposed),
2013-14

Responsibility and customers

At McLeod Russel, we have brought to our customer engagement process a strong sense of involvement that has helped us service their needs better.



Our customer responsibility has been reflected in the following initiatives:

Trust: The Company has enhanced customer trust by providing teas which conform to ethical plant protection practices as well as national and international food safety compliance norms. The Company was among the first in India

to comply with demanding international certifications (FAIRTRADE Mark, Rainforest Alliance, Hazard Analysis Critical Control Point, Ethical Tea Partnership and International Organisation for Standardisation and ISO 22000). The proportion of the Company's teas conforming to the Rainforest Alliance certification – results in higher

cost but not necessarily higher realisations - increased from nil garden coverage in 2009 to 80 per cent in 2013-14 and a projected 100 per cent in 2014-15, a good three years ahead of schedule. The Company has demonstrated a complete compliance with EU norms on pesticide use; over the years, pesticide consumption has



declined significantly without compromising yield.

Portfolio: The Company's extensive product portfolio caters to various customers at different price points. The range of teas comprises top quality CTC teas from Assam and Rwanda to good quality CTC teas from Dooars and medium quality CTC teas from Uganda and Vietnam; from high value Orthodox teas from Assam to value-for-money Orthodox and Green teas from Vietnam.

Quality: The Company's active quality upgradation initiatives (taste, aroma, size and colour) have emerged as an industry benchmark. The Company customises teas around specific customer preferences with the objective to grow those markets and enhance realisations. The Company invested in peak load tea processing capacity to address the fact that 60% of the annual tea crop is produced in just four months, the Company's processing schedule is structured to liquidate the day's plucked tea inventory within 24 hours, ensuring that the produced tea retains its desired characteristics. The tea processing factories

are proximate enough to bring tea into the factory within the shortest time to retain freshness. The Company's seven-day plucking discipline (addressing 70 per cent of the Company's peak season plucking) enhances quality. The Company's pioneering vacuum packing technology - across 21 of the Company's 63 estates - helps retain processed tea freshness.

Nurturing: The Company's responsibility towards its customers is reflected in its willingness to enter challenging markets passing through social or political unrest, nurturing customers and helping scale demand. For instance, Gujarat and Maharashtra, two of the largest tea consuming states of India, accounted for half the Company's offtake at one time; the Company grew its exposure in other states, growing their share to 70 per cent of the Company's overall Indian volume.

Service: The Company provides a dependable service that is reflected in servicing any volume, delivery timeliness, product consistency and superior packaging.

Result: Customer attrition has been less than 1 per cent over the decade; more than 80 per cent of customers have been working with the Company for at least five years; the Company has consistently outperformed increase in industry realisations over the last decade; the Company's premium teas (full compliance with international MRL and food safety standards) generate realisations at least 15% higher than the Assam regional average.

.....
The Company was
recognised with the
'Sustainable Seller' Award
by Rainforest Foundation in
New York, which is a global
recognition of industry
champions who have
demonstrated the vision
to make sustainability a
priority and the dynamism
to put it into effect. The
past honorees of this
award have comprised
HRH, The Prince of
Wales, Ted Turner, Tata
Global Beverages, Kraft
Foods, Chiquita Brands
International, AM Results,
Olam International, Mars
Incorporated and Domtar.
.....

437 lakh kgs

Output of McLeod Russel India
covered by Rainforest Alliance,
2013-14

50 %

output of McLeod Russel India
covered by Rainforest Alliance,
2013-14

25

Number of countries serviced
by the McLeod Russel Group,
2013-14

Responsibility and employees

At McLeod Russel, we are intrinsically accountable to our employees who are the building blocks of our success.





Our employee responsibility is reflected in the following initiatives:

Large payer of Employee

Benefits: McLeod Russel Group's employee benefits expense of Rs. 58381 lakhs to its labour, staff and other employees (2013-14) – one of the largest in plantation sector in India - has recharged rural economies in the areas of operation and the countries of its presence. The Company has complied duly with all the statutory payments, reinforcing its reputation as a responsible employer.

Knowledge: Over the years, we have enriched our people by investing in their knowledge and welfare. The Company rotates managers across gardens every five years or so, broadening their terrain knowledge.

Employee support: The Company invested a substantial amount in its employee support programmes (covering education, housing, medical, health and hygiene initiatives). The Company also supports a number of Assam schools (including the commissioning and management of Assam Valley School). The Company has also extended its support to the LP schools for organising events like sports meet

for children, cultural programmes along with supporting many other activities. The Company provides plantation employees with infrastructural support (housing, electricity, school, hospital, worship places) in line with the Labour Plantation Act. The Company has extended beyond statutory requirements to create and manage full-fledged hospitals within the plantation areas along with four state-of-the-art hospitals that also cater to external patients.

Career growth: The Company practices extensive delegation across management layers, enabling its people to grow their roles and competencies. The Company is a local employer, enhancing indigenous employment, minimising migration and helping strengthen family structures. Following the acquisition of the Vietnamese, Ugandan and Rwandan gardens, the local team was extensively empowered to grow the Company and themselves.

Work-life balance: The Company aims to maintain a steady work-life balance marked by building golf courses across plantations; organising a weekly Club Day (football, tennis and golf) thereby enhancing rapport;

growing workers' clubs which supports sport (cricket, football, basketball among others) and other activities.

Result: The Company reported among highest productivity standards in the industry. The Company retained its position as the largest single global tea plantation employer (85000 employees, 2013-14) at a time when plantation labour availability is steadily declining.

Rs. **25186**

Employee benefits expense
(in lakhs) by
McLeod Russel India,
2006-07

Rs. **52194**

Employee benefits expense
(in lakhs) by
McLeod Russel India,
2013-14

Responsibility and community

At McLeod Russel, we have demonstrated responsibility towards small tea growers in the vicinity of our presence, evolving what would have been a traditionally competitive approach into a win-win collaborative model.



This responsibility has been reflected in the following initiatives:

Pioneering: Rather than compete with the small growers in the vicinity of our Assam tea estates, we entered into a responsible collaborative arrangement. We pioneered the

practice of buying the produce of marginal growers for onward processing; we guide them on how to enhance their yields and quality; we buy as much quality leaf as they can give against immediate payment that is higher than what they would have realised from the market place.

Win-win: Through this model, we have been able to provide small tea growers with better returns that have reinforced their commitment to grow more tea responsibly, harbour quality leaves and generate superior returns from their holdings.



Responsibility and government

At McLeod Russel, we have endeavoured to be a responsible corporate citizen, contributing to the country's exchequer and a host of other causes.



This responsibility has been reflected in the following initiatives:

Taxes: The Company paid aggregated income tax worth Rs. 28546 lakhs during the last

decade, a major tax payer within the country's tea plantation sector. Additionally the Company paid sizeable amounts with respect to Service Tax, Dividend Distribution Tax, Entry Tax and Green Leaf Cess among others.

The result: The Company is recognised as a responsible corporate citizen fulfilling its obligations to the community, the region and the country.

Rs. **156** lakhs

Contribution to exchequer via Central and Agricultural Taxes, 2006-07

Rs. **5248** lakhs

Contribution to exchequer via Central and Agricultural Taxes, 2013-14

Responsibility and industry

At McLeod Russel, we have been a responsible industry member, sharing our knowledge to strengthen the sector's respect, positioning and competitiveness.



Representation: The Company has played a proactive industry role (through trade associations), leveraging its rich industry experience to help the Indian tea industry increase exports and deepen domestic market penetration. A number of the Company's executives are associated in consultative roles with various industry bodies, holding positions of influence and responsibility.

Research: The Company shares its rich garden management insights with the Tea Research Association (and vice versa), facilitating an active exchange of best practices.

Auctions: The Company is also actively represented in the Auction Associations (under which the tea auctions are conducted). In its areas of operations, it plays a leading role

in bringing together different trade sections to discuss and resolve industry matters

CSR: The Company also shares its CSR insights with the Tea Associations in all the countries of operations, benefiting members.

Result: The Company is widely respected as a responsible corporate citizen fulfilling its obligations to community, region and the country.



Corporate information

Board of Directors

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

Company Secretary

Amitabha Guha Sarkar

Board Committees

Audit Committee

| | |
|-------------------------|-----------------|
| Raghavachari Srinivasan | <i>Chairman</i> |
| Aditya Khaitan | |
| Bharat Bajoria | |
| Ranabir Sen | |

Stakeholders' Relationship Committee

| | |
|----------------|-----------------|
| Ranabir Sen | <i>Chairman</i> |
| Bharat Bajoria | |
| Utsav Parekh | |

Nomination & Remuneration Committee

| | |
|-------------------------|-----------------|
| Bharat Bajoria | <i>Chairman</i> |
| Raghavachari Srinivasan | |
| Ranabir Sen | |

Corporate Social Responsibility [CSR] Committee

| | |
|----------------------|-----------------|
| Rajeev Takru | <i>Chairman</i> |
| Azam Monem | |
| Kamal Kishore Baheti | |
| 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 - 700001
Corporate Identity Number (CIN) :
L51109WB1998PLCo87076
Phone: (033) 2210-1221/2243-5391/2248-9434/35
Fax: (033) 2248-8114 / 2248-3683 / 2248-6265
E-mail: administrator@mcleodrussel.com
Website: www.mcleodrussel.com

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

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 18 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 2014



Your Directors have pleasure in presenting the Annual Report with the audited Accounts of your Company, for the financial year ended 31st March 2014.

Review of Performance

The financial results of the Company for the year ended 31st March 2014 are summarized below:

| | 2013-14 Rs. in lakhs | 2012-13 Rs. in lakhs |
|---------------------------------------------------------------------------|-------------------------|-------------------------|
| Profit before finance costs, depreciation, Exceptional Items and Taxation | 31465 | 33245 |
| Less : Finance costs | 5605 | 4478 |
| Less : Depreciation and amortisation expenses | 2408 | 2872 |
| Profit before exceptional items and tax | 23452 | 25895 |
| Less : Exceptional items | 298 | 233 |
| Profit before tax | 23154 | 25662 |
| Tax expense : Current tax | 4423 | 4965 |
| MAT Credit Entitlement | (1088) | (1780) |
| Provision/(Write back) relating to earlier years | (35) | (592) |
| Deferred tax | (957) | 499 |
| Profit for the year | 20811 | 22570 |
| Balance brought forward from previous year | 12787 | 10181 |
| Balance available for appropriations | 33598 | 32751 |
| Proposed Dividend | 7662 | 7662 |
| Tax on proposed dividend | 1135 | 1302 |
| Transfer to general reserve | 10000 | 11000 |
| Balance carried forward | 14801 | 12787 |

During the year under review, the Company achieved 11.37% higher production at 871 lakh kgs as compared to the previous year. The revenue from Operations was also 7% higher at Rs. 147506 lakhs. The post tax profit however was 7.8% down as compared to the previous year, primarily on account of lower sales realization per kg of tea sold, increase in cost of materials consumed, higher employee costs and higher costs of power and fuel.



Dividend

Your Directors are pleased to recommend maintenance of same dividend as last year i.e. Rs. 7/- per equity share on 10,94,55,735 fully paid up equity shares of Rs. 5/- each.

Review of Operations

During the financial year, your Company produced 871 lakh Kgs tea as compared to 782 lakh Kgs in the previous year. Favourable weather and an improved Pest Management resulted in crop increase over last year.

Uprooting and Replanting Policy of the Company was maintained. This has resulted in an improvement of the age profile of tea. Your Company now has approximately 75% of the tea area under fifty years of age. A good standard of Young tea has been established. All tea estates have Clonal Nurseries with the requisite, approved Clonal Blend. Shade Nurseries also have adequate number of plants.

The Company's focus has always been to produce quality teas, which continues to command a premium both in the domestic and international market. As part of an upgradation and modernization programme of factories withering capacity was increased on fifteen estates. Eighteen CTC machines were replaced, fifteen CFMs, four VFBDs, five Boilers, nine Milling Machines, nine Chasing Lathes, two Colour Sorters were installed in various factories. Extension of factory buildings was undertaken to accommodate additional machinery and withering troughs. A Continuous Withering Machine was put on trial at one of the Tea Estates in Assam. To augment Standby Power generating capacity fifteen generating sets and ten Transformers were installed. Non-conventional energy, in the form of Solar Power to generate 100 KW is also being installed at Attareekhat Tea Estate in Assam. Three new JCB Excavators were purchased to improve drainage outlets.

The Company has forty seven ISO 22000 certified factories. Your Company also has four estates certified as "Fairtrade" and thirty five estates certified as

"Rainforest Alliance." The Nilpur Blending Unit is a HACCP Certified unit. Your Company also participates in Ethical Tea Partnership, a global initiative.

The average price realization for the Company's tea for the year was Rs. 168 per kg as compared to Rs. 171 per kg realized in the previous year.

The Company saw a total export quantum of 236 lakh kgs during the year with an overall export turnover of over Rs. 46525 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, blending marketing and investment activities. As at the end of the year on 31st March 2014 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, Uganda – controlling stake of Borelli being 100%
- (iii) McLeod Russel Uganda Limited – 100% subsidiary of Rwenzori
- (iv) Gisovu Tea Company Limited, Rwanda – controlling stake of Borelli being 60%
- (v) McLeod Russel Middle East DMCC, UAE – controlling stake of Borelli being 100%
- (vi) McLeod Russel Africa Limited, Kenya – controlling stake of Borelli being 100%

As Rwenzori Tea Investments Limited (Rwenzori) does not have any business activity, steps have been taken to amalgamate Rwenzori with McLeod Russel Uganda Limited. The approval of the amalgamation is awaited from the concerned Department of Government of Uganda.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss 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 after the Consolidated Financial Statements. The performance of the major Subsidiaries are summarized below for your information.

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company, its six 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 (Borelli) has invested in its subsidiaries in Vietnam, Uganda, Rwanda, Dubai and Kenya. During the year ended 31st March 2014, Borelli has achieved higher profit after tax equivalent to Indian Rs. 5525 lakhs as compared to Rs. 3876 lakhs earned in the earlier year. Its Board has recommended payment of dividend at the rate 300% on its equity capital held by your Company.

Phu Ben Tea Company Limited

Phu Ben Tea Company Limited made a highest ever Crop of 69.23lakh kgs including 49.78lakh kgs from own plantation and 19.45 lakh kgs from out growers. Sales and shipment in 2013 ended at 56.86lakh kgs

compared to 62.46lakh kgs in 2012. Average selling price was USD 1.94/kg as compared to USD 1.96 per kg last year.

Phu Ben acquired a new factory known as Khanh Hoa Tea factory in May 2013 which contributed 600,000 kgs of high quality Orthodox black tea and diversified Phu Ben's range of products including black CTC, green CTC, green orthodox & black orthodox teas.

During this period the Company recorded a net profit equivalent to Indian Rs. 640 lakhs on a sale turnover of Rs. 6584 lakhs. The Company continues to lay stress on quality control in both field and factory and adheres to GAP for plantation activities, along with IPM for pest control.

All Phu Ben estates and factories including Van Linh are accredited ISO 9000: 2008 and ISO 22000: 2005, GMP & Halal. Rainforest Alliance certificate is granted to all Phu Ben estates i.e. Phu Tho, Ha Hoa and Doan Hung estates.

The Company, which has a dedicated working team of 4,405 farmers, workers and staffs, was recognised for its effort and contribution in 2013 with the following awards:

- The Company was recognized as a model Business Enterprise in Phu Tho province.
- Phu Ben was awarded for good implementation of tax policies.
- Phu Ben received the Golden Leaf Cup in Thai Nguyen Tea International Festival (2nd time).
- Phu Ben was felicitated as the Company for community service for its contribution to students and the poor.

McLeod Russel Uganda Limited

During the financial year of the Company ended 31st December 2013, McLeod Russel Uganda Limited (MRUL) earned a post-tax profit equivalent to Indian Rs. 3339 lakhs as against Rs. 6261 lakhs in the year 2012. The saleable Production during the year was higher at 161.78 lakh kgs as compared to 156.02 lakh kgs achieved during the previous year, recording



an increase of 5.76 lakh kgs. However, the sales realisation for the company has gone down by 17 cents per kg compared to last year. The sales realisation for the year 2013 was USD 1.89 per kg as compared to USD 2.06 for last year. The reduction in profit was primarily due to lower sales realisation during 2013. The Company has declared a dividend equivalent to Indian Rs. 2557 lakhs against a dividend equivalent to Indian Rs. 2584 lakhs declared in the earlier year.

The first four months of 2013 witnessed excellent rainfall and growth conditions. Thereafter a prolonged dry spell was experienced, followed by weak second rains. Bought leaf intake was consciously scaled down to address quality issues. The Yield of Tea averaged 3905 kgs/ha. As a comparative, the main tea producing companies of Kenya averaged a yield of 3935 kgs/ha.

The development of Machine Harvesting and Single Operator Harvesters continued as programmed accounting for 55% of all leaf harvested with about 20% from the latter method.

Enhancing of factory capacity as commenced in 2010, allowed for intake of large daily volumes harvested in the year's first half. The factories that were expanded earlier saw improvement in the product, with higher absorption at competitive prices. However, overall prices were severely depressed and Mombasa average Private and Contract sale prices were similarly affected.

The factory project commenced in 2012 at Ankole was completed and in the course of the year the 3rd and final line upgraded to 52 inch. CTC workshops were provided with new milling and chasing machinery. Towards year end Processing area expansion was undertaken at Mwenge with up-grade of one more line to 52 inch. Construction of new withering trough building was also commenced.

The acquisition of additional land for Tea and Fuel wood expansion covered 320 hectares at Kisaru and a 49 year renewable land lease granted by the District Land Board. An additional area of 27 ha was acquired near Kiko, on similar lease for the establishment

of Fuel wood plantations. At both locations ground rent payment for next ten years has been made to the treasury.

ISO 22000 and Rainforest Alliance certification was maintained at all locations; Muzizi and Bugambe Out-growers were also RA certified. Mwenge and Bugambe achieved Fairtrade Certification effective May 2013.

The momentum of CSR activities continued with Primary school refurbished at Ankole and Mwenge. The company collaborated with Mountains of the Moon University at Fort Portal for the establishment of a Soil Testing Laboratory. A new maternity wing was added at the Mwenge Clinic for the benefit of residents and the community.

MRUL was appointed onto the Executive Council of Federation of Uganda Employers. Salary structure and revision of terms was put in place for management and wage negotiation conclude with workers union, for a one year period effective July 2013. Good relations prevailed with employees as well as with neighboring communities.

Gisovu Tea Company Limited

The year experienced weather variables which was very wet during the rainy season and with a prolonged dry season. This was further compounded by Hail in August. Gisovu produced 20.24 lakh Kgs of tea and this was as per trends of the Rwandan crop pattern where all factories lost crop.

The African tea market was not supportive and prices fell for all marks and continued to slide down through the year. Gisovu continued to manufacture teas of the highest standard in East Africa and realized the highest African average sales price of \$3.54 against the previous year's price of \$3.68 while the Rwandan average (auction) for the year of operation was \$2.72. This was achieved by selling 60% of the production on a forward contract basis. On a turnover equivalent to Indian Rupees 4139 lakhs the Company earned a post tax profit of Rs. 981 lakhs during the year ended 31st December, 2013. The Company has declared a

dividend equivalent to Indian Rs. 326 lakhs against a dividend equivalent to Indian Rs. 503 lakhs declared in the earlier year.

The Factory expansion project continued. The Factory now has another new 42" CTC machine with a new 18" Rotorvane and a new McLoy drier of 650 kgs capacity. The new workshop has been equipped with a new Lathe and an Auto Axis Milling machine. A new transformer was installed catering for the ultimate factory. A new panel board has been installed which gives better flexibility. A new Cummings Alternator was sourced from Uganda and installed. Withering was enhanced by adding 8 new troughs.

Gisovu was Rainforest Alliance certified during the year, it is already ISO 9001 certified. The Factory cleared the ISO 22000 Audit and is now duly certified.

Gisovu Tea Company Limited has endeavored to maintain CSR activities in its area of operation. The Company has been repairing Roads and Bridges, used by the Public, from the Estate to the main road head at Kibuye, without which all in the area suffer specially in the rains.

Cordial Industrial relations were maintained with the Government of Rwanda, local Cooperatives and workers of the Estate.

McLeod Russel Middle East DMCC

The Company changed its accounting year from April-March to January-December during 2013. Consequently, the accounts reflect transactions for a period of nine months. During the period April 2013 – December 2013 company's turnover was equivalent to Indian Rupees 1409 lakhs compared to Rupees 2076 lakhs during the financial year 2012-13. The company is in the process of establishing its presence in UAE market apart from exploring new territories. During the period the Company incurred a loss equivalent to Indian Rupees 158 lakhs compared to a loss equivalent to Indian Rupees 82 lakhs incurred in the earlier financial year.

D1 Williamson Magor Bio Fuel Limited

D1 Williamson Magor Bio Fuel Limited (D1WML) has abandoned its plantations in the North East on account of excessive growth of weed damaging *Jatropha* plantation to a great extent. In view of this, the Company has surrendered the land allocated to it by Assam Industrial Development Corporation for setting up oil expeller in Assam. The Plantation carried out in Jharkhand however, is gradually becoming productive. Long gestation period of the Plantation is a global phenomenon and *Jatropha* Plantation is going through similar phase in all parts. The Company has made appropriate provision in the accounts based on the uncertainty of the business.

Change in Company Law

The Companies Act, 2013 ('the Act') has been passed replacing the age old Companies Act, 1956 and a large portion of the Act has already become effective. Several Rules under various Sections of the Act have also been notified. Your Company is taking necessary steps to comply with the requirements of the new Act. The Company has already formed, reconstituted and renamed various Committees in terms of the requirements of the Act and also adopted the Terms of Reference for the said Committees as prescribed in the Act. Steps are in hand to implement various other provisions of the Act to ensure compliance at the appropriate time.

Pursuant to the General Circular 08/2014 No. 1/19/2013-CL-V dated 4th April, 2014 issued by the Ministry of Corporate Affairs, the Financial Statements and documents attached thereto, the Reports of the Auditors and the Board of Directors in respect of the Financial Year ended 31st March, 2014 have been prepared in accordance with the provisions of the Companies Act, 1956. With respect to the provisions of the Act, appropriate references have been made in this report in respect of certain provisions which have become applicable.



Corporate Social Responsibility

Your Company is conscious of its social responsibilities and the environment in which it operates. It has continued with its welfare activities for development in the field of education, culture and other welfare measures and to improve the general standard of living in and around the Tea estates. The emphasis is on improvement of health, development of education, culture and sports. Medical assistance was also provided to the nearby villages through medical camps. Your Company facilitated successful cataract operation camps for around 300 patients from North Bank who were operated at Shankardev Netralaya, Guwahati and around 450 such patients from South Bank operated upon at civil hospitals in Tinsukia and Dibrugarh. Your Company continues to support the Moran Blind School like earlier years.

Williamson Magor Education Trust with generous donations from your Company has awarded over 130 scholarships to deserving students selected by an Expert Committee and Selection Board.

A high standard of medical care is provided to the work force through well-equipped individual estate hospitals and specialized treatment at the Central hospitals. The Mother's club is being given wide spread recognition.

The Assam Valley School has emerged as a premier public school of the country and continues to provide excellent opportunity to the children of the planting community and the North East in terms of academics and all round development. The school is now rated amongst the best residential schools in India, and the first in North East with Pan-Indian recognition.

With the Company's continued support The Assam Valley Literary Award is being felicitated each year. This year the award was conferred on an eminent Assamese writer Sri. Atulananda Goswami, in acknowledgement of his contribution in the field of Assamese literature. Scholarship was provided to meritorious students from the North East and this was

funded by the Williamson Magor Education Trust.

The Company has tied up with Bhagwan Mahaveer Viklang Sahyata Samiti, Jaipur, an Organization which carries out the work of a rubber based prosthetic leg more popularly known as 'Jaipur Leg' for people with below-knee amputations by way of organized camps. Currently the Company is planning to organize a camp with Bhagwan Mahaveer Viklang Sahyata Samiti at Guwahati in the first week of June 2014 with a target to serve a significant number of physically disabled people.

Besides the above, the Company has also undertaken an activity called "Operation Smile" involving fixation of Clefts/Palates above the lips of the people, suffering from facial deformation. A few patients have already been operated upon at the Dooars Hospital at Siliguri, West Bengal in the last year with around 15 more such operations to be performed in near future in the current year.

The Company gives importance to preservation of the Eco system and natural habitats around its Tea Estates and engages in several activities to preserve the bio-diversity in its surrounding areas. Your Company has also been supporting Heritage conservation over a long period of time.

The Company is continuing with its support to Bodo Handloom Scheme in Mangaldai, Assam which leads to empowerment of women and promotion of local handicrafts, both at the Estate and village level. The Company also supports a programme for financial assistance towards education of under-privileged children in Kolkata and also contributes to a recognized institution in Kolkata, which addresses the needs of children challenged by Cerebral Palsy.

In terms of the requirements of Section 135 of the Companies Act, 2013 and rules made thereunder, the Board of Directors has formed a CSR Committee and has adopted a CSR Policy for the Company. The Company will continue with its CSR activities in terms of the CSR Policy.

Directors

The Company being a listed company, is required to have at least one third of the total number of Directors as Independent Directors according to Section 149(4) of the Companies Act, 2013 ('the Act'). In the opinion of the Board, Dr. R. Srinivasan, Mr. B. Bajoria, Mr. R. Sen, Mr. U. Parekh and Mrs. R. Nirula, non-executive Directors, who besides Mr. S. N. Menon, are also Independent Directors in terms of the Listing Agreements and meet the criteria of independence in terms of Section 149(6) of the Act, should be considered for appointment as Independent Directors of the Company under Sections 149, 150 and 152 read with Schedule IV of the Act. Accordingly resolutions will be placed at the ensuing Annual General Meeting (AGM) for their appointment as Independent Directors from the date of the ensuing AGM upto the expiry of five consecutive years or the date of the 21st AGM, whichever is earlier. After such appointment the said Directors will no longer be liable to retire by rotation during their tenure as Independent Directors.

In view of expiry of the terms of appointment of Mr. A. Khaitan as the Managing Director and Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti as Wholtime Directors on 31st March, 2014, considering their satisfactory performance, the Board of Directors by its resolutions passed on 28th March, 2014 re-appointed Mr. A. Khaitan as the Managing Director and each of Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti as Wholtime Director for a fresh term of three years in each case commencing from 1st April, 2014. Approval of the Members to the said re-appointments as also to the remuneration payable to the Managing Director and the Wholtime Directors will be sought at the ensuing Annual General Meeting.

In accordance with the provisions of the Articles of Association of the Company read with Section 152 of the Act, Mr. D. Khaitan and Mr. A. Monem will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

Cost Audit

In terms of an order dated 24th January, 2012 issued by The Ministry of Corporate Affairs (MCA), Government of India, the Company was required to arrange Audit of the Cost Accounts maintained by it in respect of the Plantation Product. In terms of the said Order, Cost Audit for the year ended 31st March, 2013 was conducted by four Firms namely, M/s. Mani & Co. (Reg. No. 00004), M/s. SPK Associates. (Reg. No. 00040), M/s. Kumar & Associates. (Reg. No. 00250), M/s. DGM & Associates. (Reg. No. 00038) Cost Accountants, appointed with the approval of MCA. The due date for filing the Cost Audit Reports for the Financial Year ended 31st March 2013 with the Central Government was 27th September, 2013 and the said Reports were filed by the Cost Auditors on 16th September, 2013.

The above mentioned firms have been appointed by the Board at its Meeting held on 29th April, 2013, with the approval of MCA to conduct audit of Cost Accounting records maintained by the Company for the year ended 31st March, 2014.

For the current financial year beginning on 1st April, 2014 and ending on 31st March, 2015, the Board of Directors, based on the recommendation of the Audit Committee, has appointed the aforesaid firms as the Cost Auditors of the Company to comply with the Provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, as may be applicable.

As required under Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors for the year ending 31st March, 2015 will be placed before the Members at the ensuing Annual General Meeting for ratification.

Auditors

Messrs. Price Waterhouse, Chartered Accountants, hold office as the Auditors of the Company upto



the conclusion of the forthcoming Annual General Meeting and are eligible, for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under the Companies Act, 2013 and that they are not disqualified 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 Directors state as follows:

1. That in the preparation of the annual accounts for the financial year ended 31st March 2014, 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 Companies Act, 1956 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 Companies Act, 1956, read with the Rules made thereunder forms a part of this report as a separate Annexure.

Employee Relations

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

The Industrial relations remained cordial throughout the year and your Board of Directors wish to place on record its sincere 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

Place: Kolkata

Date: 23rd May 2014

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director & CFO

Annexure to the Directors' Report 2013-2014

INFORMATION IN ACCORDANCE TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1998, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2014.

A. Conservation of Energy

The Company has installed different energy efficient machines in the Tea Estates. Withering capacity has been increased in fifteen Tea Estates. Eighteen CTC machines were replaced, fifteen CFMs, four VFVDs, five Boilers, nine Milling machines, nine Chasing Lathes, two Colour Sorters have been installed in various factories. A continuous Withering machine has been put on trial at one of the Tea Estates in Assam. To augment standby power generating capacity, fifteen Generating Sets and ten Transformers have been installed. Non-conventional energy in the form of solar power to generate 100 kws is also being installed in one of the Tea Estates in Assam. The energy consumption for domestic purposes has been rationalized through creation of awareness and regular monitoring.

B. Power & Fuel Consumption

| | Year ended 31.03.2014 | Year ended 31.03.2013 |
|----------------------------------------------|-----------------------|-----------------------|
| 1. Electricity | | |
| (a) Purchased: | | |
| - Units (Kwh) | 61201307 | 53105013 |
| - Total Amount (Rs.) | 452593906 | 392269851 |
| - Rate/Unit (Rs.) | 7.40 | 7.39 |
| (b) Own Generation: | | |
| Through Diesel Generator | | |
| - Units (Kwh) | 21754261 | 23406584 |
| - Units per Litre of Diesel Oil | 3.08 | 3.09 |
| - Cost/Unit (Rs.) | 17.31 | 14.30 |
| (c) Own Generation: | | |
| Through Gas Generator | | |
| - Units (Kwh) | 3159449 | 3030486 |
| - Units per (SCUM) of Gas | 2.14 | 2.44 |
| - Cost/Unit (Rs.) | 7.79 | 5.98 |
| 2. Coal | | |
| - Quantity (Tonnes) | 48369 | 49985 |
| - Total Amount (Rs.) | 402604856 | 342806129 |
| - Average Rate (Rs.) | 8323.61 | 6858.18 |
| 3. Furnace Oil | | |
| - Quantity (Litres) | 85650 | 175350 |
| - Total Amount (Rs.) | 5129868 | 7866682 |
| - Average Rate (Rs.) | 59.89 | 44.86 |
| 4. Gas (excluding used for Generator) | | |
| - Quantity (SCUM) | 22243304 | 18364666 |
| - Total Amount (Rs.) | 223695715 | 156794294 |
| - Rate/Unit (Rs.) | 10.06 | 8.54 |



| | Year ended 31.03.2014 | Year ended 31.03.2013 |
|--------------------------------------------------------------------------|-----------------------|-----------------------|
| 5. Total Power and Fuel consumption Per unit of production of Tea | | |
| - Saleable Production – Tea (Kgs.) | 87108019 | 78213259 |
| - Electricity (Kwh) (on total production) | 0.99 | 1.02 |
| - Furnace Oil (Litre) (on total production) | 0.00 | 0.00 |
| - Coal (Kgs) for tea dried by coal | 1.03 | 1.16 |
| - Gas (SCUM) for tea dried by gas | 0.55 | 0.52 |

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 31.03.2014 | Year ended 31.03.2013 |
|--------------------------------------------|-----------------------|-----------------------|
| (a) Capital (Rs. Lakhs) | Nil | Nil |
| (b) Revenue (Rs. Lakhs) | 109.49 | 110.43 |
| (c) Total (Rs. Lakhs) | 109.49 | 110.43 |
| (d) Total R&D Expenditure as % of turnover | 0.07 | 0.08 |

D. Technology Absorption, Adaptation & Innovation

- The Company undertakes modernization 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 236.02 lakh kgs (2012-13: 250.52 lakh kgs) of Tea.

| | Year ended 31.03.2014 | Year ended 31.03.2013 |
|---------------------------------------|-----------------------|-----------------------|
| Foreign Exchange Earnings (Rs. Lakhs) | 47247.42 | 48433.31 |
| Foreign Exchange Outgo (Rs. Lakhs) | 3592.63 | 2971.04 |

For and on behalf of the Board

Place: Kolkata
Date: 23rd May 2014

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director & CFO

Statement of particulars of employees pursuant to the Provision of Section 217(2A) of the Companies Act, 1956

| Name | Designation/ Nature of Duties | Remune- ration (Rs. in Lakhs) | Qualifi- cations | Experi- ence (Years) | Date of Employ- ment | Age | Previous Employment/ Position held |
|-------------|-------------------------------------|-------------------------------------|--------------------------------------------|----------------------------|----------------------------|-----|----------------------------------------------------------------------|
| A. Khaitan | Managing Director | 344.19 | B.Com. (Hons.) | 23 | 01.04.2005 | 46 | N.A. |
| R. Takru | Wholetime Director | 169.59 | B.A. (Hons.) | 39 | 01.04.2005 | 59 | Eveready Industries India Limited Senior Vice- President |
| A. Monem | Wholetime Director | 168.58 | B.Com. (Hons.) | 34 | 01.04.2005 | 54 | Eveready Industries India Limited Senior Vice- President |
| K.K. Baheti | Wholetime Director | 167.84 | B.com. (Hons.) FCA., ACS., AICWA. | 25 | 01.04.2005 | 51 | Eveready Industries India Limited Vice-President |

Notes:

1. Remuneration as shown above includes, inter alia, value of perquisites and Company's contribution to retiral funds as applicable.
2. The above employees were the Wholetime employees during the financial year ended 31st March 2014.
3. None of the above employees is related to any Director of the Company within the meaning of Section 6 of the Companies Act, 1956 except Mr. A. Khaitan, who is a relative of Mr. B.M. Khaitan and Mr. D. Khaitan.

For and on behalf of the Board

Place : Kolkata
Date : 23rd May 2014

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director & CFO



Management Discussion and Analysis



Industry Structure and Development

Global tea production during calendar year 2013 was estimated at approximately 2,800 million kgs of black tea and 2,000 million kgs of green tea. India, being the largest producer of black tea, produced 1,200 million kgs of tea as against 1,115 million kgs of tea during calendar year 2012. This represents around 43% of total global black tea production. Kenya (432 million kgs), Sri Lanka (340 million kgs), other African countries (207 million kgs), Bangladesh (63 million kgs) are the other main black tea producers globally. China predominantly produces green tea with a production of 1,850 million kgs. (Source: *International Tea Committee Bulletin and Tea Board of India*).

Weather condition during 2013 was very conducive for tea production in most of black tea producing countries. Black tea production during the year was higher by 150 million kgs as compared to previous year. This had a negative impact on prices particularly for African countries. Tea prices during the year were lower by 15% for the teas sold in Mombasa auction. However, tea prices in India declined only by 2% to 3% mainly due to low inventory and strong consumption growth.

Increase in cost due to increase in wages, increase in prices of power and fuel has largely been offset

through recovery in crop. Cost of production per kg for the company remained almost same as compared to the previous year.

Opportunities and Threats

India and global tea production has seen an increase of 150 million kgs of tea during 2013 on the back drop of very favourable weather condition across all tea producing nations. The production is likely to be stagnant within a range depending on weather conditions mainly because of insignificant increase of land under tea cultivation. Global demand, however, is likely to grow by 2 to 3%, thereby creating shortages and lower inventory levels. Indian exports are likely to remain positive with higher demand of orthodox tea from Iran. These factors should have positive impact on prices particularly in domestic market. Global prices will depend on production levels in Africa. Depreciating currency level in India during 2013 had a positive impact on export realization, however, any reversal of the trend may have negative impact.

The small tea growers form a considerable part of the industry. The recent revised figures show a total production of around 250 million kgs from these small growers in North India. This gives an opportunity to create a segment based more on variable cost as compared to fixed cost for own production.



Risks and Concerns

The Tea Industry is largely dependant on the vagaries of nature. The Industry is highly labour intensive and is subject to stringent labour laws. Comparatively high labour costs, high social costs over most other tea producing countries, high infrastructure costs and increasing energy and other input costs remain 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 has 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. Labour agreement for revision in wages for tea industry in Assam and West Bengal is due effective 1st January 2015 and 1st April 2014 respectively.

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 puts 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 the 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

Normal weather condition in Africa, dry weather condition in India till April as compared to favourable weather condition during the same period last year is likely to see lower production as compared to the record production last year during the first half of the year. Tea prices at Mombasa auction during the first four months of the year have declined by 10 to 15% mainly on account of additional carry forward teas from the previous year. Tea prices in India for the new season teas have opened higher by 5 to 10% as compared to last year. Prices in India are likely to remain firm during the year mainly due to stagnant production, lower inventory level and strong consumption growth. Marginal increase in input cost



and 5% increase in wage cost upto December as per the last agreement would take the overall cost up by 5% as compared to last year on assumption of normal production.

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 the years. Gross debt (consolidated) as on 31st March, 2014 amounted to Rs. 303.93 crores as compared to Rs. 248.67 crores as on 31st March, 2013. Net Debt (net of NABARD Deposits and Cash & Bank Balances) has increased to Rs. 63.98 crores as against Rs. 32.94 crores last year. Gross Debt to Equity ratios as on 31st March 2014 was 0.19:1.

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 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

Place: Kolkata
Date: 23rd May 2014

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director & CFO

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 2014 consisted of twelve Directors as under:

- Two Non-Executive Directors being the Chairman & Vice Chairman
- Four Wholtime 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 2014, 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, Directorships 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 26th July 2013 | No. Of Directorships 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 | 6 | 6 | Yes | 5 | - | 1 |
| Mr. D. Khaitan | Non-Executive Vice-Chairman | 6 | 4 | No | 8 | - | 1 |
| Mr. A. Khaitan | Managing Director | 6 | 5 | Yes | 7 | 1 | 2 |
| Dr. R. Srinivasan | Non-Executive & Independent | 6 | 6 | Yes | 6 | 3 | 7 |
| Mr. B. Bajoria | Non-Executive & Independent | 6 | 5 | Yes | 7 | - | 1 |
| Mr. R. Sen | Non-Executive & Independent | 6 | 6 | Yes | 1 | - | - |
| Mrs. R. Nirula | Non-Executive & Independent | 6 | 4 | Yes | 7 | 2 | 7 |
| Mr. U. Parekh | Non-Executive & Independent | 6 | 5 | No | 6 | - | 3 |
| Mr. S. N. Menon | Non-Executive & Independent | 6 | - | No | 2 | - | - |
| Mr. R. Takru | Wholtime Director | 6 | 5 | Yes | 3 | - | - |
| Mr. A. Monem | Wholtime Director | 6 | 4 | Yes | - | - | - |
| Mr. K.K. Baheti | Wholtime Director | 6 | 6 | Yes | 10 | - | 2 |

(#) Including Chairmanship, if any.

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) Six 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:

29th April 2013, 27th May 2013, 26th July 2013, 30th October 2013, 21st January 2014 and 28th March 2014.

The last Annual General Meeting of the Members of the Company was held on 26th July 2013.

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 2014 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 2014 are given below:

| Name of Directors | Category | No. of Meetings | |
|-----------------------------|-----------------------------|----------------------|----------|
| | | Held during the year | Attended |
| Dr. R. Srinivasan, Chairman | Non-Executive & Independent | 6 | 6 |
| Mr. B. Bajoria | Non-Executive & Independent | 6 | 5 |
| Mr. R. Sen | Non-Executive & Independent | 6 | 6 |
| Mr. S. N. Menon | Non-Executive & Independent | 6 | - |

Six Meetings of the Audit Committee were held during the financial year ended 31st March 2014. The dates on which the Audit Committee Meetings were held are as follows:

29th April 2013, 27th May 2013, 26th July 2013, 30th October 2013, 21st January 2014 and 28th March 2014.

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:

- to approve/recommend to the Board of Directors the remuneration package of the Managing Director and Wholtime Directors and also to recommend remuneration payable to the Non-Executive Directors.
- to approve, in the event of loss or inadequacy of profits in any year, the minimum remuneration payable to the Managing Director and Wholtime 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 2014 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

Two Meetings of the Remuneration Committee were held on 27th May 2013 and 28th March 2014 during the financial year ended 31st March 2014.

| Name of Directors | Category | Attended |
|--------------------------|-----------------------------|----------|
| Mr. B. Bajoria, Chairman | Non-Executive & Independent | 2 |
| Dr. R. Srinivasan | Non-Executive & Independent | 1 |
| Mr. R. Sen | Non-Executive & Independent | 2 |

iv. Remuneration Policy

The Managing Director and Wholtime 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 2014 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 2014 (#) |
|-------------------|-------------------------------------------|-----------------------------------------------|----------------------|----------------------------------------------|
| Mr. B. M. Khaitan | 1,20,000 | - | 2,50,000 | 36,288 |
| Mr. D. Khaitan | 80,000 | - | 2,50,000 | 55,018 |
| Dr. R. Srinivasan | 1,20,000 | 1,60,000 | 2,50,000 | - |
| Mr. B. Bajoria | 1,00,000 | 1,60,000 | 2,50,000 | 1,400 |
| Mr. R. Sen | 1,20,000 | 2,00,000 | 2,50,000 | 133 |
| Mr. U. Parekh | 1,00,000 | 40,000 | 2,50,000 | - |
| Mr. S. N. Menon | - | - | 2,50,000 | - |
| Mrs. R. Nirula | 80,000 | - | 2,50,000 | - |
| Total | 7,20,000 | 5,60,000 | 20,00,000 | 92,839 |

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

The Company has not issued any convertible instruments.

b) Details of Remuneration for the financial year ended 31st March 2014 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 | 1,50,00,000 | 63,00,000 | 63,00,000 | 63,00,000 |
| Contribution to Provident Fund and other Funds | 40,50,000 | 17,01,000 | 17,01,000 | 17,01,000 |
| Bonus and Allowances | 1,20,00,000 | 86,80,000 | 86,80,000 | 86,80,000 |
| Monetary value of Perquisites | 33,68,655 | 2,77,773 | 1,77,491 | 1,03,447 |
| 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 2014 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 30th October 2013 and 28th March 2014 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/Compliance Officer

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 2014

| Pending at the beginning of the year | Received during the year | Redressed/Replied during the year | Pending at the year end |
|--------------------------------------|--------------------------|-----------------------------------|-------------------------|
| Nil | 26 | 26 | Nil |

6. General Body Meetings

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

| Financial Year ended | Date | Time | Venue |
|----------------------|------------|------------|-----------------------------------------------------|
| 31.03.2011 | 29.07.2011 | 11.00 a.m. | Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017 |
| 31.03.2012 | 27.07.2012 | 11.30 a.m. | Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017 |
| 31.03.2013 | 26.07.2013 | 11.30 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: |
|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. |
| 27.07.2012 | None |
| 26.07.2013 | None |

iii. No Special Resolution was passed during the financial year ended 31st March 2014 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.36 of the Notes to Financial Statements 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 2012, 31st March 2013 and 31st March 2014.

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.mcleodrussel.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. 16th Annual General Meeting

Date and Time : 23rd July 2014 (Wednesday)
at 11.00 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 16th July 2014 to 23rd July 2014 (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 28th July 2014.

v. Listing on Stock Exchanges

The Company's Shares are listed at the following Stock Exchanges and the Annual Listing Fees for the year 2014-2015 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:

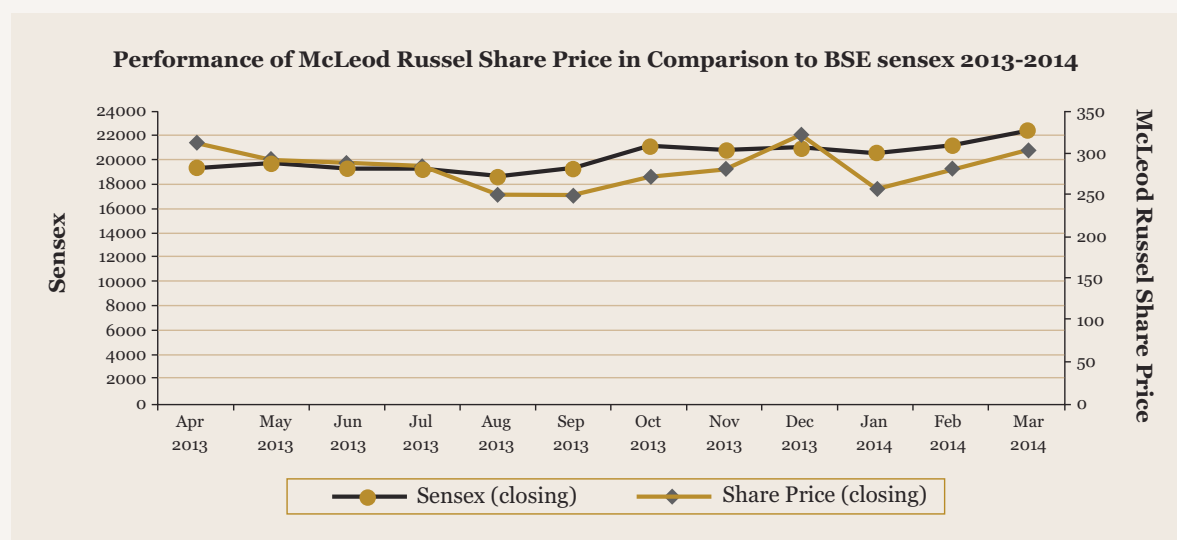
| Month | Bombay Stock Exchange | | | | National Stock Exchange | |
|----------------|-----------------------|---------|---------------------------|------------------|-------------------------|---------|
| | High Rs. | Low Rs. | Share Price (closing) Rs. | Sensex (closing) | High Rs. | Low Rs. |
| April 2013 | 361.80 | 292.10 | 313.25 | 19504.18 | 363.15 | 291.55 |
| May 2013 | 327.50 | 290.00 | 294.50 | 19760.30 | 327.50 | 291.75 |
| June 2013 | 325.00 | 263.00 | 289.00 | 19395.81 | 325.85 | 263.00 |
| July 2013 | 305.00 | 270.05 | 285.20 | 19345.70 | 298.65 | 272.15 |
| August 2013 | 287.00 | 240.35 | 252.60 | 18619.72 | 288.00 | 237.70 |
| September 2013 | 273.90 | 250.05 | 251.00 | 19379.77 | 273.90 | 249.80 |
| October 2013 | 290.00 | 246.90 | 272.55 | 21164.52 | 290.85 | 246.25 |
| November 2013 | 285.55 | 258.15 | 281.35 | 20791.93 | 285.00 | 258.10 |
| December 2013 | 329.00 | 278.00 | 322.40 | 21170.68 | 330.00 | 277.05 |
| January 2014 | 330.00 | 250.00 | 257.55 | 20513.85 | 328.50 | 250.10 |
| February 2014 | 287.60 | 247.50 | 281.95 | 21120.12 | 288.00 | 247.20 |
| March 2014 | 308.00 | 271.50 | 305.30 | 22386.27 | 309.80 | 272.15 |

viii. Performance in comparison to BSE Sensex:

Share Price Performance (April 2013 to March 2014)

Sensex (Closing)

Share Price (Closing)

**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 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 & 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. During the year the Committee met once every week for approving Share Transfers and for other related activities. Share Transfers are registered and returned in the normal course within an average period of 14 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 2014

| Size of holding | No. of holders | Percentage | No. of Shares | Percentage |
|-----------------|----------------|---------------|---------------------|---------------|
| 1 to 500 | 52,692 | 93.09 | 51,59,107 | 04.71 |
| 501 to 1000 | 2,274 | 04.02 | 16,61,430 | 01.52 |
| 1001 to 2000 | 883 | 01.56 | 12,85,658 | 01.17 |
| 2001 to 3000 | 241 | 00.43 | 6,07,828 | 00.56 |
| 3001 to 4000 | 92 | 00.16 | 3,30,959 | 00.30 |
| 4001 to 5000 | 59 | 00.10 | 2,72,732 | 00.25 |
| 5001 to 10000 | 115 | 00.20 | 8,21,816 | 00.75 |
| 10001 and above | 247 | 00.44 | 9,93,16,205 | 90.74 |
| Total | 56,603 | 100.00 | 10,94,55,735 | 100.00 |

(b) Shareholding Pattern as on 31st March 2014

| Sr. No. | Category | Number of Shareholders | No. of Shares held | % of holding |
|---------|---------------------------------|------------------------|---------------------|---------------|
| 1 | Promoters | 24 | 5,00,33,585 | 45.71 |
| 2 | Mutual Funds/UTI | 32 | 53,68,460 | 04.91 |
| 3 | Financial Institutions/Banks | 90 | 3,28,826 | 00.30 |
| 4 | Central/State Government(s) | 1 | 112 | 00.00 |
| 5 | Insurance Companies | 3 | 15,87,150 | 01.45 |
| 6 | Foreign Institutional Investors | 131 | 3,76,85,842 | 34.43 |
| 7 | Bodies Corporate | 889 | 31,57,742 | 02.88 |
| 8 | Resident Individuals | 54,559 | 1,02,87,984 | 09.40 |
| 9 | NRI/OCBs | 692 | 4,70,160 | 00.43 |
| 10 | Trust | 16 | 2,29,774 | 00.21 |
| 11 | Clearing Member | 166 | 3,06,100 | 00.28 |
| | Total: | 56,603 | 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 2014, 97.47% of the Company's equity shares of Rs. 5/- each representing 10,66,85,291 shares were in dematerialized form and the balance 2.53% representing 27,70,444 shares were in physical form. The entire shareholding of the Promoters is in the dematerialized 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 Boro | Bargang, Behali, Boro, 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 | Addabarrie, Harchurah, Nilpur, Phulbari, Rupajuli, Tarajulie, Tezpore & Gogra |
| Tingri | Dirial, Itakhooli, Keyhung, Mahakali |
| West Bengal:- | |
| Dooars | Bhatpara, Central Dooars, Chuapara, Jainti/Chuniajhora, Mathura |

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**

Corporate Identity Number (CIN):

L51109WB1998PLCo87076

'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,

91-33-2248-6265

E-Mail: administrator@mcleodrussel.com

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) 2243-5029; 2243-5809; 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. : investors@mcleodrussel.com

Compliance of Non-Mandatory Requirements**(i) The Board:**

During the financial year ended 31st March 2014, 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:

A Whistle Blower Policy has been adopted by the Board of Directors of the Company at its Meeting held on 23rd May 2014.

For and on behalf of the Board

Place: Kolkata

Date: 23rd May 2014

A. Khaitan

Managing Director

K. K. Baheti

Wholetime Director & CFO

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, 2014, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) 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.

Prabal Kr. Sarkar

Partner

Membership Number 52340

For **Price Waterhouse**

Firm Registration Number 301112E

Chartered Accountants

Place: Kolkata

Date: 23rd May 2014

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 Agreement 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 2014 received from the Members of the Board and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

McLEOD RUSSEL INDIA LIMITED

Place : Kolkata

Date: 23rd May 2014

A. Khaitan

Managing Director (CEO)

Independent Auditors' Report

To the Members of

McLeod Russel India Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of McLeod Russel India Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Profit and Loss Statement and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the "Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - (b) in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), 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 give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, 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 purpose 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 ;
 - (c) The Balance Sheet, Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - (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 March 31,2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership Number :52340

Kolkata

May 23, 2014



Annexure to Independent Auditors' Report

Referred to in paragraph 7 of the Independent Auditors' Report of even date to the members of McLeod Russel India Limited on the financial statements as of and for the year ended March 31, 2014

- i. (a) The Company is maintaining 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 have been noticed on such verification.

(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (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 is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (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 loans aggregated to Rs.360 lakhs and Rs.300 lakhs, respectively. The Company has not granted any secured/unsecured loans to firms or other parties covered in the register maintained under Section 301 of the Act.

(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 loans, the party is repaying the principal amounts, as stipulated, and is also regular in payment of interest as applicable.

(d) In respect of the aforesaid loan, there is no overdue amount more than Rupees One Lakh.

(e) 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. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. 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.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts 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.
- vi. 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.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products 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.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of cess on green leaf, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, sales tax, income tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, and customs duty which have not been deposited on account of any dispute. The particulars of dues of income tax, service tax, and excise duty as at March 31, 2014 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 |
|--------------------------|----------------------------------------------------------------------------|--------------------|------------------------------------|-----------------------------------------------------------|
| 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 | 66.96 | 2007-08 and 2008-09 | Income Tax Appellate Tribunal |
| | Fringe Benefit Tax | 41.37 | 2005-06 | Calcutta High Court |
| | Income Tax | 10.27 | 2006-07 | Calcutta High Court |
| | Income Tax | 1877.71 | 2010-11 | CIT (Appeals) |
| | Tax Deducted at Source | 79.51 | 2007-08 to 2013-14 | Deputy Commissioner of Income Tax |
| Finance Act, 1994 | Service Tax | 70.13 | 2004-05 to 2007-08 | Commissioner (Appeal) |
| Central Excise Act, 1944 | Excise Duty | 10.75 | 1999-2003 | Additional Commissioner of Central Excise and Service Tax |



- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. 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 as 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.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. 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.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the Company has used funds raised on short-term basis for long-term investment. The Company has excess current liabilities over current assets amounting to Rs.5318 lakhs on a short term basis, which has been used for non-current assets.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. 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 material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership Number :52340

Kolkata

May 23, 2014

Balance Sheet as at 31st March, 2014

| | Note | 31st March 2014 | | 31st March 2013 | |
|--------------------------------|------|-----------------|-----------|-----------------|-----------|
| | | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 2 | 5472.79 | | 5472.79 | |
| Reserves and Surplus | 3 | 186490.38 | | 174097.14 | |
| | | | 191963.17 | | 179569.93 |
| Non-current Liabilities | | | | | |
| Long-term Borrowings | 4 | 5000.00 | | 1750.00 | |
| Deferred Tax Liabilities (Net) | 5 | 6012.71 | | 6969.23 | |
| Long-term Provisions | 6 | 3060.67 | 14073.38 | 2853.21 | 11572.44 |
| Current Liabilities | | | | | |
| Short-term Borrowings | 7 | 13740.11 | | 14276.39 | |
| Trade Payables | 8 | 6614.08 | | 7017.20 | |
| Other Current Liabilities | 9 | 10265.53 | | 9398.43 | |
| Short-term Provisions | 10 | 13862.95 | 44482.67 | 13755.09 | 44447.11 |
| TOTAL | | | 250519.22 | | 235589.48 |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Fixed Assets | | | | | |
| Tangible Assets | 11 | 161373.98 | | 152790.89 | |
| Intangible Assets | 12 | 3198.83 | | 3522.25 | |
| Capital Work-in-Progress | | 3924.98 | 168497.79 | 2538.99 | 158852.13 |
| Non-Current Investments | 13 | 23984.80 | | 24282.49 | |
| Long-term Loans and Advances | 14 | 22036.79 | | 17886.46 | |
| Other Non-current Assets | 15 | 195.52 | 46217.11 | 212.74 | 42381.69 |
| Current Assets | | | | | |
| Inventories | 16 | 12673.44 | | 11251.02 | |
| Trade Receivables | 17 | 2823.29 | | 1622.76 | |
| Cash and Bank Balances | 18 | 499.00 | | 379.59 | |
| Short-term Loans and Advances | 19 | 15091.64 | | 16385.96 | |
| Other Current Assets | 20 | 4716.95 | 35804.32 | 4716.33 | 34355.66 |
| TOTAL | | | 250519.22 | | 235589.48 |

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

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata, 23rd May, 2014

A. Guha Sarkar

Company Secretary

A. Khaitan

Managing Director

K. K. Baheti

Wholetime Director & CFO



Profit and Loss Statement for the year ended 31st March, 2014

| | Note | Year ended 31st March 2014 Rs. Lakhs | Year ended 31st March 2013 Rs. Lakhs |
|-------------------------------------------------------------|------|--------------------------------------------|--------------------------------------------|
| Revenue from Operations | 21 | 147506.28 | 137802.28 |
| Other Income | 22 | 4666.67 | 4007.99 |
| Total Revenue | | 152172.95 | 141810.27 |
| Expenses: | | | |
| Cost of Materials Consumed | 23 | 22960.25 | 19731.38 |
| Purchase of Tea | | - | 1.14 |
| Changes in Inventories of Finished Goods | 24 | (1929.51) | (762.07) |
| Employee Benefits Expense | 25 | 52194.16 | 47913.52 |
| Finance Costs | 26 | 5605.23 | 4477.79 |
| Depreciation and Amortisation Expense | 27 | 2407.51 | 2871.42 |
| Other Expenses | 28 | 47483.35 | 41681.52 |
| Total Expenses | | 128720.99 | 115914.70 |
| Profit before Exceptional Items and Tax | | 23451.96 | 25895.57 |
| Exceptional Item | 53 | 297.77 | 233.44 |
| Profit before Tax | | 23154.19 | 25662.13 |
| Tax expense: | | | |
| Current Tax | | 4423.00 | 4965.00 |
| MAT Credit Entitlement | | (1087.53) | (1779.88) |
| Provision/(Write back) relating to earlier years | | (35.29) | (592.16) |
| Deferred Tax | | (956.52) | 499.17 |
| Profit for the Year | | 20810.53 | 22570.00 |
| Earnings per Equity Share: | | | |
| [Nominal Value per share : Rs.5/- (Previous Year : Rs.5/-)] | 40 | | |
| - Basic | | 19.01 | 20.62 |
| - Diluted | | 19.01 | 20.62 |

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

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata, 23rd May, 2014

A. Guha Sarkar

Company Secretary

A. Khaitan

Managing Director

K. K. Baheti

Wholetime Director & CFO

Cash Flow Statement for the year ended 31st March, 2014

| | 2013-14 | | 2012-13 | |
|--------------------------------------------------------------|-----------|------------|-----------|-----------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit before tax | | 23154.19 | | 25662.13 |
| Adjustments for : | | | | |
| Provision for Doubtful Debts | | - | | 177.06 |
| Provision for Diminution in Long -Term Investments | | 297.77 | | 233.44 |
| Provision for Doubtful Debts no longer required written back | | (53.18) | | - |
| Provision for Doubtful Advances | | - | | 11.54 |
| Liabilities no longer required written back | | (95.51) | | (297.76) |
| Bad Debts written off | | - | | 2.28 |
| Reversal of Impairment Loss | | (1317.59) | | (350.00) |
| Depreciation on Tangible Assets | | 3347.70 | | 2941.09 |
| Amortisation on Intangible Assets | | 377.40 | | 280.33 |
| Loss / (Profit) on Disposal of Fixed Assets (Net) | | 60.51 | | (365.67) |
| Dividend on Long Term Trade Investments | | (1013.91) | | (675.44) |
| Interest Income | | (3279.60) | | (2290.22) |
| Interest Expense | | 5347.27 | | 4343.31 |
| Unrealised Foreign Exchange Losses/ (Gains) | | (194.24) | | 127.38 |
| Operating Profit before Working Capital changes | | 26630.81 | | 29799.47 |
| Changes in Working Capital | | | | |
| Increase / (Decrease) In Trade Payables | (307.61) | | 86.52 | |
| Increase / (Decrease) In Other Current Liabilities | 400.87 | | (76.07) | |
| Increase / (Decrease) In Provision | 272.84 | | 475.44 | |
| (Increase) / Decrease In Trade Receivables | (1147.34) | | (336.94) | |
| (Increase) / Decrease In Inventories | (1422.42) | | (3751.17) | |
| (Increase) / Decrease In Loans and Advances | (2646.14) | | (4946.12) | |
| (Increase) / Decrease In Other Current Assets | 251.51 | | (520.88) | |
| (Increase) / Decrease In Other Non Current Assets | 17.22 | (4581.07) | - | (9069.22) |
| Cash Generated from Operations | | 22049.74 | | 20730.25 |
| Taxes paid (Net of Refunds) | | (5593.24) | | (5345.46) |
| Net Cash from Operating Activities | | 16456.50 | | 15384.79 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Tangible/Intangible Assets | | (11535.11) | | (7615.02) |
| Purchase of Long-term Investments | | (0.71) | | - |
| Disposal of Tangible Assets | | 75.65 | | 562.52 |
| Capital Subsidy Received | | 47.52 | | 232.28 |
| Loans Recovered /(given) | | 1882.40 | | (1097.47) |
| Redemption / Sale of Long Term Investments | | 0.63 | | 1.26 |
| Interest Received | | 3027.48 | | 2046.24 |
| Interest on Tax Refunds | | - | | 7.16 |
| Dividend Received | | 1013.91 | | 675.44 |
| Net cash used for Investing Activities | | (5488.23) | | (5187.59) |



Cash Flow Statement for the year ended 31st March, 2014

| | 2013-14 | | 2012-13 | |
|--------------------------------------------------------------------------------------|-----------|---------------|-----------|--------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Long-term Borrowings | | 6000.00 | | - |
| Proceeds from Short-term Borrowings | | (536.28) | | 3875.16 |
| Repayment of Long-term Borrowings | | (2350.00) | | (2300.00) |
| Interest paid | | (5251.50) | | (4364.87) |
| Dividend paid / Transferred to Investor Education and Protection Fund | | (7584.10) | | (6496.63) |
| Dividend Tax paid | | (1129.28) | | (862.46) |
| Net cash used for Financing Activities | | (10851.16) | | (10148.80) |
| D. EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON | | | | |
| Cash and Cash Equivalents | | 2.30 | | 0.08 |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C+D) | | 119.41 | | 48.48 |
| Cash and Cash Equivalents at the beginning of the year (Refer Note 18) | | 379.59 | | 331.11 |
| Cash and Cash Equivalents at the end of the year (Refer Note 18) * | | 499.00 | | 379.59 |
| Changes in Cash and Cash Equivalents - Increase/ (Decrease) | | 119.41 | | 48.48 |
| * Includes the following balances which are available for use for specific purposes. | | | | |
| Unpaid Dividend Account | | 319.75 | | 241.95 |
| Escrow Accounts/Fractional Share sale Proceeds Account | | 0.60 | | 0.61 |

(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 54 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

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata, 23rd May, 2014

A. Guha Sarkar

Company Secretary

A. Khaitan

Managing Director

K. K. Baheti

Wholtime Director & CFO

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.

Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and 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. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

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. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

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.5000 are fully depreciated in the year of purchase.

Leasehold land is amortised over the period of lease.

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.



Notes to Financial Statements (Contd.)

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 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 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. 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 Profit and Loss Statement. Capital expenditure on assets acquired for Research and Development is added to Fixed Assets, if any.

Notes to Financial Statements *(Contd.)*

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 2014 | 31st March 2013 |
|------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Authorised | | |
| 12,00,00,000 (31.03.2013 - 12,00,00,000) Equity Shares of Rs.5/- each | 6000.00 | 6000.00 |
| Issued, subscribed and paid-up | | |
| 10,94,55,735 (31.03.2013 -10,94,55,735) Equity Shares of Rs.5/- each fully paid-up | 5472.79 | 5472.79 |
| | 5472.79 | 5472.79 |

(a) Rights, preferences and restrictions attached to Shares

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 aggregate Equity Shares in the Company

| | Number of Equity Shares | Number of Equity Shares |
|--------------------------------------------------------------|----------------------------|----------------------------|
| | 31st March 2014 | 31st March 2013 |
| Kamal Baheti (Trustee of 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 | 6594833 (6.03%) | 6021166 (5.50%) |

| | 31st March 2014 | 31st March 2013 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| (c) 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 |

Notes to Financial Statements *(Contd.)*

3. RESERVES AND SURPLUS

Rs. Lakhs

| | General Reserve [Refer Note (a) below] | Securities Premium Account | Capital Reserve | Revaluation Reserve [Refer Note 11 (c)] | Other Reserve [Refer Note (b) below] | Surplus in Profit and Loss Statement | Total |
|------------------------------------------------------------------------------------------------------------|-------------------------------------------|----------------------------|-----------------|--------------------------------------------|-----------------------------------------|--------------------------------------|------------------|
| Balance at the beginning of the year | 75000.00 | 11053.58 | 201.68 | 55846.22 | 19209.20 | 12786.46 | 174097.14 |
| Add : Profit for the year | - | - | - | - | - | 20810.53 | 20810.53 |
| Less : Transferred to General Reserve | - | - | - | - | - | 10000.00 | 10000.00 |
| Add : Transferred from Surplus in Profit and Loss Statement | 10000.00 | - | - | - | - | - | 10000.00 |
| Less : Adjustment on account of disposal of Revalued Assets | - | - | - | 4.76 | - | - | 4.76 |
| Less : Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets (Refer Note 27) | - | - | - | 348.03 | - | - | 348.03 |
| Add : Adjustment on account of Write back of Impairment Provision (Refer Note 11) | - | - | - | 732.41 | - | - | 732.41 |
| Less : Proposed Dividend | - | - | - | - | - | 7661.90 | 7661.90 |
| Less : Tax on Proposed Dividend [Note (c) below] | - | - | - | - | - | 1135.01 | 1135.01 |
| Balance at the end of the year | 85000.00 | 11053.58 | 201.68 | 56225.84 | 19209.20 | 14800.08 | 186490.38 |

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.

c) Net of write back Rs.167.13 lakhs (31.03.2013 - Rs. Nil) relating to earlier year.



Notes to Financial Statements (Contd.)

4. LONG-TERM BORROWINGS

| | 31st March 2014 | 31st March 2013 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| SECURED | | |
| Term Loans from Banks | | |
| ICICI Bank Limited | - | 1750.00 |
| 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 | | |
| b) Rate of Interest | | |
| Interest is payable on monthly basis at base rate plus 2.50% p.a. on above Term Loans | | |
| HDFC Bank Limited | 5000.00 | - |
| a) Nature of Security | | |
| The above Term Loan is secured by equitable mortgage of certain tea estates on an exclusive basis | | |
| b) Rate of Interest | | |
| Interest is payable on quarterly basis at base rate plus 0.50% p.a. on above Term Loan | | |
| | 5000.00 | 1750.00 |
| Terms of Repayment | | |
| i) Tranches of Term Loans from ICICI Bank Limited are repayable in : | | |
| Nil (31.03.2013 - Twelve) equal monthly instalments | - | 250.00 |
| Nil (31.03.2013 - Twelve) equal monthly instalments | - | 1500.00 |
| ii) Tranches of Term Loan from HDFC Bank Limited is repayable in : | | |
| Twelve (31.03.2013 - Nil) equal quarterly instalments commencing from 10th October 2014 | 5000.00 | - |
| | 5000.00 | 1750.00 |

5. DEFERRED TAX LIABILITIES (NET)

| | 31st March 2014 | | 31st March 2013 | |
|------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|-----------------|----------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| 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 | | 8200.84 | | 8279.49 |
| B. Deferred Tax Assets | | | | |
| i) Items allowed for tax purpose on payment | 915.95 | | 644.44 | |
| ii) Provision for Doubtful Debts, Advances etc. | 1272.18 | 2188.13 | 665.82 | 1310.26 |
| Net Deferred Tax Liabilities (A-B) | | 6012.71 | | 6969.23 |

6. LONG-TERM PROVISIONS

| | 31st March 2014 | 31st March 2013 |
|-------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Provision for Employee Benefits (Refer Note 31) | 3060.67 | 2853.21 |
| | 3060.67 | 2853.21 |

Notes to Financial Statements *(Contd.)*

7. SHORT-TERM BORROWINGS

| | 31st March 2014 | 31st March 2013 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Secured Loans repayable on demand from Banks | | |
| Cash Credit, Packing Credit and Demand Loans | 13740.11 | 14276.39 |
| 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 | | |
| | 13740.11 | 14276.39 |

8. TRADE PAYABLES

| | | |
|--------------------------------|----------------|----------------|
| Trade payables (Refer Note 42) | 6614.08 | 7017.20 |
| | 6614.08 | 7017.20 |

9. OTHER CURRENT LIABILITIES

| | | |
|----------------------------------------------------------------------|-----------------|----------------|
| Current maturities of long-term debts | 3360.75 | 3152.67 |
| Interest accrued but not due on borrowings | 125.75 | 29.98 |
| Advances from Customers/Selling Agents | 3.46 | 2.09 |
| Unpaid Dividends [Refer (a) below] | 319.75 | 241.95 |
| Unclaimed Fractional Share Sale Proceeds | 0.60 | 0.61 |
| Deposits Received from Agents | 159.50 | 156.50 |
| Employee Benefits Payable | 5354.86 | 4949.30 |
| Remuneration payable to Non -Whole time Directors | 18.00 | 18.00 |
| Statutory dues (including Provident Fund and Tax deducted at Source) | 631.05 | 640.10 |
| Capital Liabilities | 291.81 | 207.23 |
| | 10265.53 | 9398.43 |

(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 (Refer Note 31) | 1451.49 | 1379.11 |
| Others | | |
| Provision for Central Income Tax [Net of Advance Tax Rs.16673.43 lakhs (31.03.2013 - Rs.13828.30 lakhs)] | 1863.54 | 1802.59 |
| Provision for Fringe Benefit Tax [Net of Advance Tax Rs.581.04 lakhs (31.03.2013 - Rs.556.85 lakhs)] | 42.18 | 66.38 |
| Proposed Dividend | 7661.90 | 7661.90 |
| Provision for Tax on Proposed Dividend | 2818.84 | 2813.11 |
| Provision for Wealth Tax | 25.00 | 32.00 |
| | 13862.95 | 13755.09 |



Notes to Financial Statements (Contd.)

| Particulars | GROSS BLOCK AT COST OR VALUATION | | | | DEPRECIATION | | | | NET BLOCK | | Rs. in Lakhs |
|------------------------------|----------------------------------|----------------------------------------|---------------------------------------------------------|------------------------|------------------------------------------|----------------|------------------------------------------|-----------------------------------------|------------------------------------------|-------------------------------------------|-------------------------------------------|
| | As at 31st March, 2013 | Additions/ adjustments during the year | Disposal/ adjustments during the year [Refer (a) below] | As at 31st March, 2014 | Up to 31st March, 2013 [Refer (d) below] | For the year | On disposal/ adjustments during the year | Impairment written back during the year | Up to 31st March, 2014 [Refer (d) below] | Written down value as at 31st March, 2014 | Written down value as at 31st March, 2013 |
| Estate and Development Land | 91332.04 | 22.36 | 9.36 | 91345.04 | 2097.32 | - | - | 1,230.99 | 866.33 | 90478.71 | 89234.72 |
| - Freehold [Refer (b) below] | 4312.32 | - | - | 4312.32 | - | - | - | - | - | 4312.32 | 4312.32 |
| - Leasehold | - | 318.85 | - | 318.85 | - | 10.63 | - | - | 10.63 | 308.22 | - |
| Buildings | 58939.64 | 4202.71 | 18.66 | 63123.69 | 18167.69 | 1221.53 | 8.36 | 644.90 | 18735.96 | 44387.73 | 40771.95 |
| Plant and Equipment | 36486.50 | 4877.81 | 281.85 | 41082.46 | 21587.12 | 1854.97 | 125.94 | 174.11 | 23142.04 | 17940.42 | 14899.38 |
| Furniture and Fixtures | 1532.62 | 168.57 | 7.47 | 1693.72 | 855.20 | 83.19 | 6.06 | - | 932.33 | 761.39 | 677.42 |
| Vehicles | 5571.92 | 690.59 | 158.60 | 6103.91 | 3128.44 | 438.99 | 147.75 | - | 3419.68 | 2684.23 | 2443.48 |
| Office Equipment | 488.75 | 59.02 | 0.75 | 547.02 | 252.85 | 24.50 | 0.56 | - | 276.79 | 270.23 | 235.90 |
| Computer | 673.90 | 77.34 | 12.16 | 739.08 | 458.18 | 61.92 | 11.75 | - | 508.35 | 230.73 | 215.72 |
| 31st March, 2014 | 199337.69 | 10417.25 | 488.85 | 209266.09 | 46546.80 | 3695.73 | 300.42 | 2050.00 | 47892.11 | 161373.98 | 152790.89 |
| 31st March, 2013 | 192201.25 | 8560.21 | 1423.77 | 199337.69 | 44774.03 | 3304.84 | 632.07 | 900.00 | 46546.80 | 152790.89 | |

- a) Includes Capital Subsidy in respect of following Tangible Assets
 - Plant and Equipment - Rs.47.52 lakhs (31.03.13 - Rs.175.66 lakhs)
 - Vehicles - Rs. Nil (31.03.13 - Rs.56.62 lakhs)
- b) Represents cost of proportionate share of undivided land pertaining to certain portion of a multistoried building
- c) Pursuant to the schemes of Arrangement/ Amalgamation effected in earlier years, certain assets (Estate and Development, Buildings, Plant and Equipment, and Furniture and Fixtures) were taken over at revalued amount and incorporated in the books of account.
- d) The opening and closing balance of Depreciation includes an Impairment Loss as set out below:-

| | Impairment Loss as at | |
|------------------------|------------------------------|------------------------------|
| | 31st March 2014 Rs. Lakhs | 31st March 2013 Rs. Lakhs |
| Estate and Development | 856.18 | 2087.17 |
| Buildings | 166.66 | 811.56 |
| Plant and Equipment | 47.16 | 221.27 |
| | 1070.00 | 3120.00 |

Notes to Financial Statements

11. TANGIBLE ASSETS (contd...)

During the year 2013-14, reduction in accumulated impairment loss are Estate and Development Rs.1230.99 lakhs (31.03.2013 - Rs.322.01 lakhs), Building Rs.644.90 lakhs (31.03.2013 - Rs.151.81 lakhs) and Plant & Equipment Rs.174.11 lakhs (31.03.2013 - Rs.76.18 lakhs) aggregating Rs.2050.00 lakhs (31.03.2013 - Rs.550.00 lakhs) in the nature of reversal of impairment loss by adopting discounted cash flow method [based on value in use considering the discounting factor at 10.00% (31.03.2013 - 8.50%) in the current estimate at 8.50% (31.03.2013 - 8.50%) and in the previous estimate] upon improvement in profitability of Mathura Tea Estate, Chupapara Tea Estate and Central Dooars Tea Estate. Out of this, Rs.732.41 lakhs (31.03.2013 - Rs.200.00 lakhs) has been added to Revaluation Reserve (Refer Note 3) and Rs.1317.59 lakhs (31.03.2013 - Rs.350.00 lakhs) has been subtracted from depreciation for the year (Refer Note 27).

12. INTANGIBLE ASSETS

| 12. INTANGIBLE ASSETS | | | | | | | Rs. in Lakhs | | | | |
|-----------------------|--|------------------------|----------------------------------------|---------------------------------------|------------------------|------------------------|--------------|------------------------------------------|------------------------------------------|-------------------------------------------|-------------------------------------------|
| Particulars | | GROSS BLOCK AT COST | | | AMORTISATION | | | NET BLOCK | | | |
| | | As at 31st March, 2013 | Additions/ adjustments during the year | Disposal/ adjustments during the year | As at 31st March, 2014 | Up to 31st March, 2013 | For the year | On disposal/ adjustments during the year | Up to 31st March, 2014 [Refer (d) below] | Written down value as at 31st March, 2014 | Written down value as at 31st March, 2013 |
| Goodwill | | 20.44 | - | - | 20.44 | 20.44 | - | - | 20.44 | - | - |
| Trade Mark [Brand] | | | | | | | | | | | |
| [Refer (a) below] | | 5000.00 | - | - | 5000.00 | 2062.50 | 250.00 | - | 2312.50 | 2687.50 | 2937.50 |
| Computer Software | | | | | | | | | | | |
| [Refer (b) below] | | 615.08 | 53.98 | - | 669.06 | 30.33 | 127.40 | - | 157.73 | 511.33 | 584.75 |
| 31st March, 2014 | | 5635.52 | 53.98 | - | 5689.50 | 2113.27 | 377.40 | - | 2490.67 | 3198.83 | 3522.25 |
| 31st March, 2013 | | 5020.44 | 615.08 | - | 5635.52 | 1832.94 | 280.33 | - | 2113.27 | 3522.25 | |

(a) Trade mark (Brand - WM logo), acquired in January 2005, 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.

(b) Computer Software is being amortised under straight line method over 5 years.



Notes to Financial Statements (Contd.)

13. NON - CURRENT INVESTMENTS

| | 31st March 2014 | 31st March 2013 |
|----------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| (valued at cost unless stated otherwise) | | |
| (In Equity Shares of Rs.10 each fully paid, except otherwise stated) | | |
| Long-term | | |
| Trade | | |
| <u>Investments in Equity Instruments - Subsidiaries</u> | | |
| <u>Unquoted</u> | | |
| Borelli Tea Holdings Limited (U.K.) | | |
| 362000 Shares (31.03.2013 - 362000 Shares) of GBP 1 each | 22936.98 | 22936.98 |
| <u>Investments in Equity Instruments - Associates</u> | | |
| <u>Unquoted</u> | | |
| D1 Williamson Magor Bio Fuel Limited | | |
| 7281201 Shares (31.03.2013 - 7281201 Shares) | 184.35 | 484.35 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.2000.00 lakhs (31.03.2013 - Rs.1700.00 lakhs)] | | |
| <u>Investments in Equity Instruments - Others</u> | | |
| <u>Quoted</u> | | |
| Murabblack India Limited | | |
| 500000 Shares (31.03.2013 - 500000 Shares) | * | * |
| McNally Bharat Engineering Co. Limited | | |
| 3052295 Shares (31.03.2013 - 3052295 Shares) | 131.25 | 131.25 |
| Williamson Financial Services Limited | | |
| 1666853 Shares (31.03.2013 - 1666853 Shares) | 488.39 | 485.89 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.30.94 lakhs (31.03.2013 - Rs.33.44 lakhs)] | | |
| Eveready Industries India Limited | | |
| 1663289 Shares of Rs.5/- each (31.03.2013 - 1663289 Shares) | 169.66 | 169.66 |
| Kilburn Engineering Limited | | |
| 848168 Shares (31.03.2013 - 848168 Shares) | 36.05 | 36.05 |
| The Standard Batteries Limited | | |
| 1003820 Shares of Re.1/- each (31.03.2013 - 1003820 Shares) | * | * |
| Kilburn Chemicals Limited | | |
| 350200 Shares (31.03.2013 - 350200 Shares) | 14.04 | 14.04 |
| Kilburn Office Automation Limited | | |
| 31340 Shares (31.03.2013 - 31340 Shares) | 1.00 | 1.27 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.0.27 lakhs (31.03.2013 - Rs.Nil)] | | |

Notes to Financial Statements *(Contd.)*

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

| | 31st March 2014 | 31st March 2013 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| <u>Unquoted</u> | | |
| Dewrance Macneill & Co. Limited 200000 Shares (31.03.2013 - 200000 Shares) | * | * |
| Kilburn Electricals Limited 28000 Shares (31.03.2013 - 28000 Shares) | * | * |
| Cosepa Fiscal Industries Limited 350000 Shares (31.03.2013 - 350000 Shares) | * | * |
| Delhi Golf & County Club Private Limited 35750 Shares of Rs.100/- each (31.03.2013 - 35750 Shares) | * | * |
| ABC Tea Workers Welfare Services Limited 11067 Shares (31.03.2013 - Nil Shares) | 0.71 | - |
| <u>Other than trade</u> | | |
| <u>Investments in Equity Instruments - Others</u> | | |
| <u>Quoted</u> | | |
| Suryachakra Seafood Limited 400000 Shares (31.03.2013 - 400000 Shares) | * | * |
| <u>Unquoted</u> | | |
| Jalpaiguri Club Limited 523 Shares (31.03.2013 - 523 Shares) | - | - |
| Indonilpur Marketing Pvt. Ltd. (formerly known as Nilpur Marketing Pvt. Limited) 12500 Shares (31.03.2013 - 12500 Shares) | - | - |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.1.25 lakhs (31.03.2013 - Rs.1.25 lakhs)] | | |
| Nilhat Shipping Company Limited 1000 Shares (31.03.2013 - 1000 Shares) | - | - |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.0.10 lakhs (31.03.2013 - Rs.0.10 lakhs)] | | |
| Woodlands Multispeciality Hospital Limited 229610 Shares (31.03.2013 - 229610 Shares) | 22.35 | 22.35 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.0.01 lakhs (31.03.2013 - Rs.0.01 lakhs)] | | |
| <u>Investments in Preference shares - Others</u> | | |
| <u>Unquoted</u> | | |
| Thakurbari Club Limited 56 Preference Shares of Rs.100 each (31.03.2013 - 56 Preference Shares) | * | * |
| CFL Capital Financial Services Ltd. - 1154790 13% Reedemable Cumulative Preference Shares of Rs.100 each (31.03.2013 - 1154790 Preference Shares) | - | - |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.1160.56 lakhs (31.03.2013 - Rs.1160.56 lakhs)] | | |



Notes to Financial Statements (Contd.)

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

| | 31st March 2014 | 31st March 2013 |
|-----------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Investments in Government or trust securities | | |
| Quoted | | |
| 9% Government of India Loan - 2013 | - | 0.63 |
| Unquoted | | |
| National Defence Bond (Deposited with Excise Authorities) | 0.02 | 0.02 |
| | 23984.80 | 24282.49 |
| * Amount is below the rounding off norm adopted by the Company. | | |
| (a) Aggregate amount of quoted investments | 871.59 | 872.23 |
| Aggregate market value of quoted investments | 3549.23 | 3023.33 |
| Aggregate amount of unquoted investments; | 26306.34 | 26305.62 |
| Aggregate provision for diminution in value of investments | 3193.13 | 2895.36 |
| (b) Following shares are pledged against loans availed by the Company | | |
| Name of the Company | Nos. | Nos. |
| Borelli Tea Holdings Limited (U.K.) | 83404 | 83404 |

14. LONG-TERM LOANS AND ADVANCES

| | | |
|-------------------------------------------------------------------|-----------------|-----------------|
| (Unsecured - considered good unless otherwise stated) | | |
| Capital Advances | 461.61 | 699.14 |
| Security Deposits: | | |
| Considered good | 1434.82 | 1256.90 |
| 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 | 15173.19 | 12938.67 |
| Other Loans and Advances | | |
| MAT Credit Entitlement | 4495.06 | 2582.51 |
| Prepaid Expenses | 446.15 | 384.12 |
| Advances to Suppliers, Service Providers etc. | 1217.20 | 1217.20 |
| Less : Provision for Bad and Doubtful Advances (Refer Note 51) | (1217.20) | (1217.20) |
| Loans to Others | 850.00 | 850.00 |
| Less : Provision for Bad and Doubtful Loans (Refer Note 51) | (850.00) | (850.00) |
| Loans to Employees | 25.96 | 23.19 |
| Loans to Related Parties (Key Management Personnel) (a) | - | 1.93 |
| | 22036.79 | 17886.46 |

(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.)*

15. OTHER NON-CURRENT ASSETS

| | 31st March 2014 | 31st March 2013 |
|------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Margin Money Deposit with bank (a) | 14.70 | 13.98 |
| Other Long-term Receivable | | |
| From Sale of Tea Estates | 180.82 | 198.76 |
| Interest Accrued on Loans and Deposits | 2284.22 | 2284.22 |
| Less : Provision for Bad and Doubtful Accrued Interest (Refer Note 51) | (2284.22) | (2284.22) |
| | 195.52 | 212.74 |

(a) For issuing Bank Guarantee

16. INVENTORIES

| | | |
|-----------------------------------------------------------------------|-----------------|-----------------|
| At lower of cost and net realisable value | | |
| Finished Goods (Stock of Tea) | 4654.98 | 2725.47 |
| [including in transit Rs.347.34 lakhs (31.03.2013 - Rs.272.97 lakhs)] | | |
| Stores and Spares | 8018.46 | 8525.55 |
| | 12673.44 | 11251.02 |

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 | 4.63 | — |
| - Considered Doubtful | 340.90 | 394.08 |
| Less: Provision for Doubtful Debts | (340.90) | (394.08) |
| Other Debts - | | |
| Unsecured | | |
| - Considered Good | 2468.66 | 1272.76 |
| | 2823.29 | 1622.76 |

18. CASH AND BANK BALANCES

| | | |
|--------------------------------------------------------|---------------|---------------|
| Cash and Cash Equivalents | | |
| Cash on hand | 41.93 | 35.90 |
| Balance with banks in Current Accounts | 136.72 | 101.13 |
| Dividend Accounts * | 319.75 | 241.95 |
| Escrow Accounts/Fractional Share Sale Proceeds Account | 0.60 | 0.61 |
| | 499.00 | 379.59 |

* Earmarked for payment of unclaimed dividend

(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.)

19. SHORT-TERM LOANS AND ADVANCES

| | 31st March 2014 | 31st March 2013 |
|----------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| (Unsecured - considered good unless otherwise stated) | | |
| Loans to Related Parties | | |
| - Subsidiary | 800.00 | 2600.00 |
| - Key Managerial Personnel (a) | 1.93 | 2.40 |
| Loans to Others | | |
| Considered Good | 328.00 | 408.00 |
| 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 | 4000.00 |
| Other Loans and Advances | | |
| MAT Credit Entitlement | 233.54 | 1058.56 |
| Advance Tax - Agricultural Income Tax [Net of Provision Rs.16831.18 lakhs (31.03.2013 - Rs.15855.12 lakhs)] | 3896.44 | 2654.17 |
| Prepaid Expenses | 946.52 | 750.43 |
| Balance with Excise Authorities | 12.89 | 11.33 |
| Advance for Employee Benefits | 1579.55 | 790.44 |
| Advance to Employees | 661.01 | 571.08 |
| Advances to Suppliers, Service Providers etc. | | |
| Considered Good | 1731.84 | 2607.32 |
| Considered Doubtful | 103.69 | 103.69 |
| Less: Provision for Bad and Doubtful Advances | (103.69) | (103.69) |
| Loans to Employees | 85.56 | 101.86 |
| Deposit with Government Authorities | | |
| Claim Receivable | 114.36 | 130.37 |
| Tax payment under protest (Refer Note 39) | 700.00 | 700.00 |
| | 15091.64 | 16385.96 |

(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 | 1378.17 | 1126.05 |
| Considered Doubtful | 173.35 | 173.35 |
| Less: Provision for Doubtful Interest Receivable | (173.35) | (173.35) |
| Subsidies receivable from Government | 1662.54 | 1628.78 |
| Compensation receivable from Government | 49.89 | 77.79 |
| Accrued duty exemption benefits pertaining to exports | 1626.35 | 1883.71 |
| | 4716.95 | 4716.33 |

Notes to Financial Statements *(Contd.)*

21. REVENUE FROM OPERATIONS

| | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|---------------------------------------------------------------------------------------------------|----------------------------|------------------|----------------------------|------------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| Sale of Product-Tea | | 144032.30 | | 133964.31 |
| Other Operating Revenues | | | | |
| Consultancy Fees | 138.82 | | 126.68 | |
| Subsidy on Orthodox Tea | 131.73 | | 228.40 | |
| Replantation Subsidy | 179.22 | | 382.50 | |
| Transport Subsidy | 315.24 | | 356.47 | |
| Accrued duty exemption entitlement and other Benefits relating to exports/premium on sale thereof | 2708.97 | | 2743.92 | |
| | | 3473.98 | | 3837.97 |
| | | 147506.28 | | 137802.28 |

22. OTHER INCOME

| | | | | |
|-----------------------------------------------------------------------------|---------|----------------|---------|----------------|
| Interest Income (Gross) | | | | |
| On Deposits | 1236.43 | | 973.23 | |
| On Loans | 2043.17 | | 1309.83 | |
| On Tax Refunds | - | 3279.60 | 7.16 | 2290.22 |
| Dividend on Long-term Trade Investments | | | | |
| From Subsidiary Company | | 983.39 | | 639.66 |
| From Others | | 30.52 | | 35.78 |
| Insurance Claims | | 158.36 | | 302.20 |
| Sundry Income | | 66.11 | | 76.70 |
| Profit on Disposal of Fixed Assets (net) | | - | | 365.67 |
| Provision for Doubtful Debt no Longer Required Written back (Refer Note 17) | | 53.18 | | - |
| Liabilities no Longer Required Written Back | | 95.51 | | 297.76 |
| | | 4666.67 | | 4007.99 |

23. COST OF MATERIALS CONSUMED

| | | | | |
|-------------------------------------|--|-----------------|--|-----------------|
| Green Leaf (purchased and consumed) | | 22960.25 | | 19731.38 |
| | | 22960.25 | | 19731.38 |

24. CHANGES IN INVENTORIES OF FINISHED GOODS

| | | | | |
|-------------------------------------------|--|------------------|--|-----------------|
| Stock of Tea at the beginning of the year | | 2725.47 | | 1963.40 |
| Less: Stock of Tea at the end of the year | | 4654.98 | | 2725.47 |
| (Increase)/Decrease | | (1929.51) | | (762.07) |

25. EMPLOYEE BENEFITS EXPENSE

| | | | | |
|-------------------------------------------|--|-----------------|--|-----------------|
| Salaries and Wages | | 42025.93 | | 37777.75 |
| Contribution to Provident and Other Funds | | 4632.54 | | 4955.26 |
| Labour and Staff Welfare | | 5535.69 | | 5180.51 |
| | | 52194.16 | | 47913.52 |



Notes to Financial Statements (Contd.)

26. FINANCE COSTS

| | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|-----------------------|----------------------------|----------------|----------------------------|----------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| Interest Expense | | | | |
| On Fixed Loans | 1445.17 | | 1365.77 | |
| Others | 3902.10 | 5347.27 | 2977.54 | 4343.31 |
| Other Borrowing Costs | | 257.96 | | 134.48 |
| | | 5605.23 | | 4477.79 |

27. DEPRECIATION AND AMORTISATION EXPENSE

| | | | | |
|--------------------------------------------------------------------------------------------------------------------|-----------|----------------|----------|----------------|
| Depreciation on Tangible Assets | 3695.73 | | 3304.84 | |
| Less : Withdrawn on account of Depreciation on amount added on Revaluation of Tangible Assets (Refer Note 3) | (348.03) | | (363.75) | |
| Less : Reversal of Impairment Loss (Refer Note 11) | (1317.59) | 2030.11 | (350.00) | 2591.09 |
| Amortisation of Intangible Assets | | 377.40 | | 280.33 |
| | | 2407.51 | | 2871.42 |

28. OTHER EXPENSES

| | | | | |
|---------------------------------------------------------------------------------------|---|-----------------|--------|-----------------|
| Consumption of Stores and Spare Parts | | 5555.93 | | 5120.74 |
| Consumption of Packing Materials | | 1355.02 | | 1062.03 |
| Power and Fuel | | 17022.03 | | 14434.91 |
| Rent | | 73.81 | | 68.48 |
| Lease Rent | | 75.00 | | 18.75 |
| Repairs - Buildings | | 1562.06 | | 1384.47 |
| - Machinery | | 2803.05 | | 2455.93 |
| - Others | | 1335.19 | | 1201.49 |
| Insurance | | 796.93 | | 777.32 |
| Rates and Taxes [including Wealth Tax Rs.25.00 lakhs (2012-2013 - Rs.32.00 lakhs)] | | 450.28 | | 427.01 |
| Cess on Tea | | 457.54 | | 409.92 |
| Green Leaf Cess | | 1078.99 | | 991.41 |
| Travelling | | 1340.10 | | 1227.61 |
| Loss on disposal of Fixed Assets (net) | | 60.51 | | - |
| Legal and Professional Fees | | 829.66 | | 726.11 |
| Freight, Shipping and Selling Expenses | | 7477.56 | | 6643.83 |
| Brokerage on Sales | | 596.66 | | 559.65 |
| Selling Agents' Commission | | 550.77 | | 417.49 |
| Loss on Sale/Disposal of Investments | - | | 8.25 | |
| Less : Adjusted from Provisions | - | - | (8.25) | - |
| Bad Debts written off | | | | 2.28 |
| Provision for Doubtful Debts | | - | | 177.06 |
| Provision for Doubtful Advances | | - | | 11.54 |
| Net Loss on Foreign Currency Transaction and Translation | | 528.98 | | 404.77 |
| Miscellaneous Expenses | | 3533.28 | | 3158.72 |
| | | 47483.35 | | 41681.52 |

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.3900.82 lakhs (31st March 2013 - Rs.3602.80 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. 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 Reimbursement (Unfunded)

The Company has a scheme of reimbursement 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 reimbursement 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 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.



Notes to Financial Statements (Contd.)

The following Tables sets forth the particulars in respect of aforesaid Defined Benefit plans of the Company for the year ended 31st March 2014 and corresponding figures for the previous year.

| Description | Gratuity Fund | |
|------------------------------------------------------------------------------------------------|------------------------|------------------------|
| | Funded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 11757.12 | 10574.50 |
| Interest Cost | 942.29 | 802.21 |
| Current Service Cost | 872.94 | 687.90 |
| Past Service Cost | - | - |
| Benefits Paid | 1342.59 | 1093.67 |
| Actuarial loss/(gain) on obligation | (2.11) | 786.18 |
| Present Value of obligation at the end of the year | 12227.65 | 11757.12 |
| 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 | 12031.58 | 10920.69 |
| Expected Return on Plan Assets | 1022.68 | 873.66 |
| Contributions | 1271.65 | 1099.60 |
| Benefits Paid | 1342.59 | 1093.67 |
| Actuarial gain/(loss) on Plan Assets | 110.76 | 231.30 |
| Fair Value of Plan Assets at the end of the year | 13094.08 | 12031.58 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 12227.65 | 11757.12 |
| Fair Value of Plan Assets at end of the year | 13094.08 | 12031.58 |
| Net Asset/(Liability) Recognised in Balance Sheet | 866.43 | 274.46 |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | 872.94 | 687.90 |
| Past Service Cost | - | - |
| Interest Cost | 942.29 | 802.21 |
| Expected Return on Plan Assets | 1022.68 | 873.66 |
| Actuarial loss/(gain) recognised in the year | (112.87) | 554.88 |
| Expense Recognised in Profit and Loss Statement | @ 679.68 | @ 1171.33 |
| @ included in Contribution to Provident and Other Funds (Note 25) | | |
| Category of Plan Assets | | |
| Investments in Bonds and Special Deposit | 31.05 | 30.97 |
| Investments with Life Insurance Corporation of India | 2129.62 | 1962.17 |
| Investments with other Insurance Companies | 10847.34 | 9952.47 |
| Others including Bank Balances | 86.07 | 85.97 |
| Total | 13094.08 | 12031.58 |
| Actual Return on Plan Assets | 1133.44 | 1104.96 |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |
| Inflation Rate (%) | 5.00 | 5.00 |
| Return on Asset (%) | 8.50 | 8.00 |

Notes to Financial Statements *(Contd.)*

| Description | Superannuation Fund | |
|------------------------------------------------------------------------------------------------|------------------------|------------------------|
| | Funded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 1849.76 | 1910.35 |
| Interest Cost | 146.64 | 146.20 |
| Current Service Cost | - | - |
| Benefits Paid | 249.09 | 165.77 |
| Actuarial loss/(gain) on obligation | (54.80) | (41.02) |
| Present Value of obligation at the end of the year | 1692.51 | 1849.76 |
| 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 | 2365.74 | 2297.83 |
| Expected Return on Plan Assets | 201.09 | 183.83 |
| Contributions | 6.71 | - |
| Benefits Paid | 249.09 | 165.77 |
| Actuarial gain/(loss) on Plan Assets | 81.18 | 49.85 |
| Fair Value of Plan Assets at the end of the year | 2405.63 | 2365.74 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 1692.51 | 1849.76 |
| Fair Value of Plan Assets at end of the year | 2405.63 | 2365.74 |
| Net Asset/(Liability) Recognised in Balance Sheet | 713.12 | 515.98 |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | - | - |
| Interest Cost | 146.64 | 146.20 |
| Expected Return on Plan Assets | 201.09 | 183.83 |
| Actuarial loss/(gain) recognised in the year | (135.98) | (90.87) |
| Expense Recognised in Profit and Loss Statement | @ (190.43) | @ (128.50) |
| @ Included in Contribution to Provident and other Funds (Note 25) | | |
| Category of Plan Assets | | |
| Investments in Bonds and Special Deposit | 47.65 | 47.80 |
| Investments with Life Insurance Corporation of India | 222.32 | 209.07 |
| Investments with other Insurance Companies | 2122.93 | 2080.25 |
| Others including Bank Balances | 12.73 | 28.62 |
| Total | 2405.63 | 2365.74 |
| Actual Return on Plan Assets | 282.27 | 233.68 |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |
| Return on Asset (%) | 8.50 | 8.00 |



Notes to Financial Statements (Contd.)

| Description | Staff Pension Fund Type A | |
|------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| | Funded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 436.91 | 396.96 |
| Interest Cost | 37.12 | 31.74 |
| Current Service Cost | 54.39 | 51.60 |
| Benefits Paid | 0.30 | 0.31 |
| Actuarial loss/(gain) on obligation | (124.81) | (43.08) |
| Present Value of obligation at the end of the year | 403.31 | 436.91 |
| 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 | 98.16 | 90.76 |
| Expected Return on Plan Assets | 8.34 | 7.26 |
| Contributions | 0.30 | 0.31 |
| Benefits Paid | 0.30 | 0.31 |
| Actuarial gain/(loss) on Plan Assets | (1.72) | 0.14 |
| Fair Value of Plan Assets at the end of the year | 104.78 | 98.16 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 403.31 | 436.91 |
| Fair Value of Plan Assets at end of the year | 104.78 | 98.16 |
| Net Asset/(Liability) Recognised in Balance Sheet | (298.53) | (338.75) |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | 54.39 | 51.60 |
| Interest Cost | 37.12 | 31.74 |
| Expected Return on Plan Assets | 8.34 | 7.26 |
| Actuarial loss/(gain) recognised in the year | (123.09) | (43.22) |
| Expense Recognised in Profit and Loss Statement | @ (39.92) | @ 32.86 |
| @ Included in Contribution to Provident and Other Funds (Note 25) | | |
| Category of Plan Assets | | |
| Investments with Life Insurance Corporation of India | 104.78 | 98.16 |
| Total | 104.78 | 98.16 |
| Actual Return on Plan Assets | 6.62 | 7.40 |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |
| Inflation Rate (%) | 5.00 | 5.00 |
| Return on Asset (%) | 8.50 | 8.00 |

Notes to Financial Statements *(Contd.)*

| Description | Staff Pension Type B | |
|------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| | Unfunded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 3077.57 | 2803.16 |
| Interest Cost | 255.42 | 218.71 |
| Current Service Cost | 444.64 | 267.75 |
| Benefits Paid | 145.17 | 138.65 |
| Actuarial loss/(gain) on obligation | (314.19) | (73.40) |
| Present Value of obligation at the end of the year | 3318.27 | 3077.57 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 3318.27 | 3077.57 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Net Asset/(Liability) Recognised in Balance Sheet | (3318.27) | (3077.57) |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | 444.64 | 267.75 |
| Interest Cost | 255.42 | 218.71 |
| Expected Return on Plan Assets | - | - |
| Actuarial loss/(gain) recognised in the year | (314.19) | (73.40) |
| Expense Recognised in Profit and Loss Statement | # 385.87 | # 413.06 |
| # included in Salaries and Wages (Note 25) | | |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |
| Inflation Rate (%) | 5.00 | 5.00 |
| Description | Medical Benefit Liability | |
| | Unfunded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 419.65 | 326.50 |
| Interest Cost | 35.67 | 26.12 |
| Current Service Cost | - | - |
| Benefits Paid | 27.71 | 22.98 |
| Actuarial loss/(gain) on obligation | 2.89 | 90.01 |
| Present Value of obligation at the end of the year | 430.50 | 419.65 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 430.50 | 419.65 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Net Asset/(Liability) Recognised in Balance Sheet | (430.50) | (419.65) |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | - | - |
| Interest Cost | 35.67 | 26.12 |
| Expected Return on Plan Assets | - | - |
| Actuarial loss/(gain) recognised in the year | 2.89 | 90.01 |
| Expense Recognised in Profit and Loss Statement | * 38.56 | * 116.13 |
| * included in Labour and Staff Welfare (Note 25) and Insurance (Note 28) | | |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |



Notes to Financial Statements (Contd.)

| Description | Expatriate Pension | |
|------------------------------------------------------------------------------------------------|--------------------|-----------|
| | Unfunded | |
| | 2013-2014 | 2012-2013 |
| | Rs. Lakhs | Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 38.98 | 42.65 |
| Interest Cost | 1.78 | 1.81 |
| Current Service Cost | - | - |
| Benefits Paid | 35.95 | 39.98 |
| Actuarial loss/(gain) on obligation | 29.97 | 34.50 |
| Present Value of obligation at the end of the year | 34.78 | 38.98 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 34.78 | 38.98 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Net Asset/(Liability) Recognised in Balance Sheet | (34.78) | (38.98) |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | - | - |
| Interest Cost | 1.78 | 1.81 |
| Expected Return on Plan Assets | - | - |
| Actuarial loss/(gain) recognised in the year | 29.97 | 34.50 |
| Expense Recognised in Profit and Loss Statement | # 31.75 | # 36.31 |
| # included in Salaries and Wages (Note 25) | | |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |

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.

Effect of increase/ decrease of one percent point in the assumed medical cost trend rates on: Rs. Lakhs

| | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|-----------------------------------------------------------------|----------------------------|----------|----------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Aggregate of Current Service Cost and Interest | 35.67 | 35.67 | 26.12 | 26.12 |
| Accumulated Post Employment Benefit obligation for Medical Cost | 435.50 | 426.37 | 420.47 | 410.78 |

Company's best estimate of contribution expected to be paid to the Funds in the next year Rs. Lakhs

| | As at 31st March | |
|---------------------|------------------|---------|
| | 2014 | 2013 |
| Gratuity Fund | 1342.94 | 1165.77 |
| Superannuation Fund | 7.08 | - |
| Staff Pension Fund | 0.46 | 0.37 |

Notes to Financial Statements (Contd.)

Rs. Lakhs

| Other Particulars | 31st March | | | | |
|--------------------------------------------|------------------------|----------|----------|---------|-----------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | Gratuity Fund (Funded) | | | | |
| Defined Benefit Obligation | 12227.65 | 11757.12 | 10574.50 | 9579.29 | 8508.40 |
| Plan Assets | 13094.08 | 12031.58 | 10920.69 | 9773.53 | 7100.68 |
| Surplus/(Deficit) | 866.43 | 274.46 | 346.19 | 194.24 | (1407.72) |
| Experience Adjustments on Plan Liabilities | 784.62 | 535.36 | 939.06 | 499.79 | 235.67 |
| Experience Adjustments on Plan Assets | 110.76 | 231.30 | (52.88) | 57.67 | 306.47 |

| | Superannuation Fund (Funded) | | | | |
|--------------------------------------------|------------------------------|---------|---------|---------|---------|
| Defined Benefit Obligation | 1692.51 | 1849.76 | 1910.35 | 1879.33 | 2018.52 |
| Plan Assets | 2405.63 | 2365.74 | 2297.83 | 2209.49 | 2233.99 |
| Surplus/(Deficit) | 713.12 | 515.98 | 387.48 | 330.16 | 215.47 |
| Experience Adjustments on Plan Liabilities | (47.78) | (63.34) | (36.74) | (23.17) | (8.67) |
| Experience Adjustments on Plan Assets | 81.18 | 49.85 | (16.44) | (20.80) | 141.63 |

| | Staff Pension Fund Type A (Funded) | | | | |
|--------------------------------------------|------------------------------------|----------|----------|----------|----------|
| Defined Benefit Obligation | 403.31 | 436.91 | 396.96 | 441.38 | 407.45 |
| Plan Assets | 104.78 | 98.16 | 90.76 | 105.24 | 98.55 |
| Surplus/(Deficit) | (298.53) | (338.75) | (306.20) | (336.14) | (308.90) |
| Experience Adjustments on Plan Liabilities | (39.77) | (108.33) | (30.19) | 4.21 | 1.71 |
| Experience Adjustments on Plan Assets | (1.72) | 0.14 | (1.18) | 0.05 | 0.09 |

| | Staff Pension Fund Type B (Unfunded) | | | | |
|--------------------------------------------|--------------------------------------|----------|---------|---------|---------|
| Defined Benefit Obligation | 3318.27 | 3077.57 | 2803.16 | 2686.96 | 2537.87 |
| Plan Assets | NA | NA | NA | NA | NA |
| Surplus/(Deficit) | NA | NA | NA | NA | NA |
| Experience Adjustments on Plan Liabilities | (79.25) | (164.59) | (69.00) | 112.42 | 47.53 |
| Experience Adjustments on Plan Assets | NA | NA | NA | NA | NA |

| | Medical Benefit Liability (Unfunded) | | | | |
|--------------------------------------------|--------------------------------------|--------|---------|---------|--------|
| Defined Benefit Obligation | 430.50 | 419.65 | 326.50 | 282.73 | 289.88 |
| Plan Assets | NA | NA | NA | NA | NA |
| Surplus/(Deficit) | NA | NA | NA | NA | NA |
| Experience Adjustments on Plan Liabilities | 92.01 | 64.13 | (14.55) | (10.95) | (4.51) |
| Experience Adjustments on Plan Assets | NA | NA | NA | NA | NA |

| | Expatriate Pension (Unfunded) | | | | |
|--------------------------------------------|-------------------------------|-------|-------|-------|-------|
| Defined Benefit Obligation | 34.78 | 38.98 | 42.65 | 43.46 | 59.02 |
| Plan Assets | NA | NA | NA | NA | NA |
| Surplus/(Deficit) | NA | NA | NA | NA | NA |
| Experience Adjustments on Plan Liabilities | 30.78 | 25.88 | 28.80 | 5.59 | 7.52 |
| Experience Adjustments on Plan Assets | NA | NA | NA | NA | NA |

NA : Not Applicable



Notes to Financial Statements (Contd.)

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.

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.282.70 lakhs (31st March 2013 – Rs.284.90 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.

| | 2013-2014 | 2012-2013 |
|----------------------------------------|-----------|-----------|
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.97 | 8.50 |
| Expected Return on Exempted Fund (%) | 8.90 | 8.90 |
| Expected EPFO Return (%) | 8.75 | 8.50 |

31 Classification of Provision/Advance for Employee Benefits

| | Classified as Non-Current | | Classified as Current | |
|----------------------------------------|---------------------------|----------------|-----------------------|----------------|
| | As at 31st March | | As at 31st March | |
| | 2014 | 2013 | 2014 | 2013 |
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| Provision for Employee Benefits | | | | |
| - Staff Pension | 2350.75 | 2191.54 | 1266.05 | 1224.78 |
| - Medical Benefit | 366.66 | 357.45 | 63.84 | 62.20 |
| - Expatriate Pension | 30.46 | 35.13 | 4.32 | 3.85 |
| - Other Employee Benefits | 312.80 | 269.09 | 117.28 | 88.28 |
| | 3060.67 | 2853.21 | 1451.49 | 1379.11 |
| Advance for Employee Benefits | | | | |
| - Gratuity Fund | - | - | 866.43 | 274.46 |
| - Superannuation Fund | - | - | 713.12 | 515.98 |
| | - | - | 1579.55 | 790.44 |

Notes to Financial Statements (Contd.)

32. Contingent Liabilities

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

| | 31st March 2014 | 31st March 2013 |
|------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Sales Tax | - | 52.14 |
| Electricity Dues | 45.17 | 29.27 |
| Excise Duty | 10.75 | - |
| Provident Fund | 68.43 | 68.43 |
| Income Tax | 1272.57 | 150.10 |
| Service Tax | 70.13 | 70.13 |

- b) Guarantees given on behalf of a subsidiary - Rs.4947.27 lakhs (31st March 2013 - Rs.12213.00 lakhs); Year end utilisation Rs.4947.27 lakhs (31st March 2013 - Rs.4094.58 lakhs).
- c) Bank Guarantees Rs.86.58 lakhs (31st March 2013 - Rs.117.58 lakhs)
- d) Bills Discounted – Rs.8057.93 lakhs (31st March 2013– Rs.9490.76 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).

34. COMMITMENTS

- a) Estimated Capital Commitment on account of contracts remaining to be executed and not provided for at the year-end is Rs.1625.26 lakhs (31st March 2013 - Rs.1431.11 lakhs). Such commitment, net of advances, is Rs.1163.65 lakhs (31st March 2013 - Rs.731.97 lakhs).
- b) The Company has undertaken to continue to directly hold 100% of all the shares in the share capital of Borelli Tea Holdings Limited (BTHL) in connection with the Senior Term Loan facility of EURO 6.00 million obtained by BTHL from ICICI Bank UK PLC, Frankfurt.
- c) In connection with a Term Loan of Rs.5000.00 lakhs taken by McNally Bharat Engineering Company Limited (MBECL) from one of its Bankers, the Company has furnished a Non-Disposal Undertaking in respect of its present and future holding of shares in MBECL to remain valid so long as any monies remain due by MBECL in respect of the said loan to the said bank.

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 2014 | Year ended 31st March 2013 |
|-----------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| - India | 97507.30 | 86026.21 |
| - Outside India | 46525.00 | 47938.10 |
| | 144032.30 | 133964.31 |



Notes to Financial Statements (Contd.)

b) Assets by geographical market:

| | As at 31st March 2014 | As at 31st March 2013 |
|-----------------|--------------------------|--------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| - India | 193858.51 | 182750.49 |
| - Outside India | 20.83 | 23.15 |
| | 193879.34 | 182773.64 |

c) Capital Expenditure by geographical market :

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|-----------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| - India | 11857.22 | 8630.68 |
| - Outside India | - | - |
| | 11857.22 | 8630.68 |

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)
 - Gisovu Tea Company Limited (GTCL)
 - McLeod Russel Middle East DMCC (MRME)
 - McLeod Russel Africa Limited (MRAL) (w.e.f. 20th May 2013)

Others:

- Associates :
 - D1 Williamson Magor Bio Fuel Limited (D1)
- Key Management Personnel

| | |
|---------------------|--------------------------------|
| Managing Director | Mr. Aditya Khaitan (AK) |
| Wholetime Directors | Mr. Rajeev Takru (RT) |
| | Mr. Azam Monem (AM) |
| | Mr. Kamal Kishore Baheti (KKB) |
- Relatives of Key Management Personnel with whom transactions took place during the year.

| | |
|------------------------------|-------------------------------|
| Mr. Brij Mohan Khaitan (BMK) | Father of Mr. Aditya Khaitan |
| Mr. Deepak Khaitan (DK) | Brother of Mr. Aditya Khaitan |

Notes to Financial Statements *(Contd.)*

b) Transactions/Balances with Subsidiary

| Name of Subsidiary | Nature of Transactions/Balances | As at/Year ended 31st March 2014 | As at/Year ended 31st March 2013 |
|--------------------|--------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | | Rs. Lakhs | Rs. Lakhs |
| BTHL | Loan outstanding at beginning of the year | 2600.00 | 1500.00 |
| | Loan given | 3600.00 | 2600.00 |
| | Refund received | 5400.00 | 1500.00 |
| | Loan outstanding at year end | 800.00 | 2600.00 |
| | Interest income | 344.76 | 299.21 |
| | Interest income receivable | 344.76 | 299.21 |
| | Royalty | 572.75 | 483.84 |
| | Royalty payable (Gross) | 100.42 | 120.67 |
| | Dividend Paid | 1894.73 | 1624.05 |
| | Dividend Received | 983.39 | 639.66 |
| | Balance of Investment at the year end | 22936.98 | 22936.98 |
| MRUL | Consultancy Fees | 107.94 | 99.08 |
| | Trade Receivable | 80.89 | 48.99 |
| PBTCL | Consultancy Fees | 30.88 | 27.60 |
| MRME | Sale of Tea | 95.57 | 256.15 |
| GTC | Expenses incurred on their behalf and reimbursement received | 1.51 | - |

c) Transactions/Balances with Associate

| Name of Associate | Nature of Transactions/Balances | As at/Year ended 31st March 2014 | As at/Year ended 31st March 2013 |
|-------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | | Rs. Lakhs | Rs. Lakhs |
| D1 | Balance of Investments at the year-end | 184.35 | 484.35 |
| | [Net of provision for diminution in value of investments Rs.2000.00 lakhs (31.03.2013 – Rs.1700.00 lakhs)] | | |

d) Transactions/Balances with Key Management Personnel

| | Remuneration | | Dividend paid | | Loan Outstanding as at | |
|--------------|---------------|---------------|---------------|-------------|------------------------|-----------------|
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 | 31st March 2014 | 31st March 2013 |
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| AK | 344.19 | 278.58 | 0.51 | 0.43 | - | - |
| RT | 169.59 | 138.48 | 0.06 | 0.03 | 1.93 | 4.33 |
| AM | 168.58 | 138.73 | 0.04 | - | - | - |
| KKB | 167.84 | 137.69 | 0.36 | 0.31 | - | - |
| Total | 850.20 | 693.48 | 0.97 | 0.77 | 1.93 | 4.33 |



Notes to Financial Statements (Contd.)

e) Transactions/Balances with relatives of Key Management Personnel

| | As at/Year ended 31st March 2014 | As at/Year ended 31st March 2013 |
|----------------------------|-------------------------------------|-------------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Directors' Sitting Fees | | |
| BMK | 1.20 | 0.60 |
| DK | 0.80 | 0.20 |
| Commission | | |
| BMK | 2.50 | 2.50 |
| DK | 2.50 | 2.50 |
| Dividend Paid | | |
| BMK | 2.54 | 2.18 |
| DK | 0.83 | 0.71 |
| Amount payable at year end | | |
| BMK | 2.50 | 2.50 |
| DK | 2.50 | 2.50 |

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

i) Loans and Advances in the Nature of Loans to Subsidiary

| | As at 31st March 2014 | As at 31st March 2013 |
|----------------------------------------------------------|--------------------------|--------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Loan to Subsidiary | | |
| Borelli Tea Holdings Limited | | |
| - Balance at the year end | 800.00 | 2600.00 |
| - Maximum amount outstanding at any time during the year | 5400.00 | 4100.00 |

ii) Loans and Advances in the Nature of Loans to Firms/Companies in which Directors are Interested

| | As at 31st March 2014 | As at 31st March 2013 |
|-----------------------------------------------------------------------|--------------------------|--------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| a) Loan to a Company in which a Director of the Company is a Director | | |
| United Machines Company Limited | | |
| - Balance at the year end | 300.00 | 360.00 |
| - Maximum amount outstanding at any time during the year | 360.00 | 360.00 |

38. During the year 2012-13, a tea-manufacturing factory has been taken on non-cancellable operating lease for period from 1st January 2013 to 31st December 2017. The Lease Rent charged in Profit and Loss Statement and future lease commitments are:

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|---------------------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Lease Rent | 75.00 | 18.75 |
| Future lease commitment | | |
| Not later than year | 75.00 | 75.00 |
| Later than one year and not later than five years | 206.25 | 281.25 |
| Later than five years | - | - |

Notes to Financial Statements *(Contd.)*

- 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 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 Company deposited Rs.700.00 lakhs during the year 2011-12 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 2014 | Year ended 31st March 2013 |
|-------------------------------------------------|-------------------------------|-------------------------------|
| a] Numerator used: | | |
| Profit after Taxation (Rs. Lakhs) | 20810.53 | 22570.00 |
| b] Denominator used | | |
| Weighted Average Number of Equity Shares | 109455735 | 109455735 |
| c] Face Value of Equity Shares - Rs. | 5 | 5 |
| d] Dilutive Potential Equity Shares | - | - |
| e] Earnings per Share [Basic and Diluted] - Rs. | 19.01 | 20.62 |

- 41.** Revenue Expenditure on Research and Development Rs.109.49 lakhs (31st March 2013 - Rs.110.43 lakhs) represent subscription to Tea Research Association.
- 42.** There are no outstanding dues of Micro and Small Enterprises (MSEs) based on information available with the Company.

43. Auditors' Remuneration :

(Included in Miscellaneous Expenses under Note 28)

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|-------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| As Auditors - Audit Fees | 40.00 | 35.00 |
| For Other Services | | |
| Tax Audit Fees | 15.00 | 15.00 |
| Certification etc. | 45.50 | 42.90 |
| For Reimbursement of expenses | | |
| Out of Pocket Expenses | 0.75 | 0.88 |
| Service Tax | 12.51 | 11.59 |

44. Value of Imports calculated on CIF Basis

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|---------------------------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Components and Spare Parts (including Packing Material) | 506.15 | 529.91 |
| Capital Goods | 304.75 | 44.28 |



Notes to Financial Statements (Contd.)

45. Consumption of Stores (including Packing Material), Spare Parts and Components

[including Rs.3113.55 lakhs (31st March 2013 – Rs.2712.46 lakhs) debited to other accounts]

| | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|------------|-------------------------------|--------|-------------------------------|--------|
| | Rs. Lakhs | % | Rs. Lakhs | % |
| Imported | 655.70 | 6.54 | 347.41 | 3.91 |
| Indigenous | 9368.80 | 93.46 | 8547.82 | 96.09 |
| | 10024.50 | 100.00 | 8895.23 | 100.00 |

46. Salaries and Wages excludes Rs.825.78 lakhs (31st March 2013 - Rs.782.67 lakhs) and Stores and Spares consumed excludes Rs.3113.55 lakhs (31st March 2013 - Rs.2712.46 lakhs) debited to other accounts.

47. Expenditure in Foreign Currency

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|--------------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Consultancy (Net of Tax) | 47.04 | 43.37 |
| Pension | 35.34 | 39.22 |
| Travel | 101.67 | 117.00 |
| Selling Agents' Commission, Brokerage etc. | 129.29 | 49.54 |
| Ocean Freight | - | 6.94 |
| Royalty (Net of Tax) | 418.11 | 435.88 |
| Subscription/Certification Fees | 39.24 | - |
| Others | 99.65 | 66.57 |
| | 870.34 | 758.52 |

48. Amount Remitted in Foreign Currency on account of :

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|----------------------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Dividend | 1911.39 | 1638.33 |
| Year to which the dividend relates | Year Ended 31st March 2013 | Year Ended 31st March 2012 |
| Number of Non-Resident Shareholders | 53 | 53 |
| Number of Shares held by Non-Resident Shareholders | 27305573 | 27305573 |

49. Proposed Dividend

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|---------------------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| The dividend proposed for the year is as follows: | | |
| On Equity Share of Rs.5/- each | | |
| Amount of Dividend Proposed | 7661.90 | 7661.90 |
| Dividend per Equity Share | Rs.7/- | Rs.7/- |

Notes to Financial Statements (Contd.)

50. Earning in Foreign Exchange

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|-----------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Export of Goods calculated on FOB Basis | 42603.71 | 47367.76 |
| Interest Income | 344.76 | 299.21 |
| Consultancy Income | 138.82 | 126.68 |
| Dividend Received | 983.39 | 639.66 |
| | 44070.68 | 48433.31 |

51. There are certain overdue loans and advances, interest accrued on loans and other recoverable items aggregating Rs.4351.42 lakhs and as a measure of prudence and in the management's best judgement, the same amount was also held in provision for contingency as on 31st March 2013. After continued persuasion for recovery of aforesaid dues, the management has considered that possibility of recovery is doubtful and accordingly, the said contingency provision has been made as specific provision to the extent of respective overdue balances as on 31st March, 2014.

52. Derivative Investments and Unhedged Foreign Currency Exposure

a) Derivatives outstanding as at the reporting date:-

| Particulars | Purpose | Currency | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|------------------------------------------|--------------------------------------------|----------|----------------------------------|------------------------|----------------------------------|------------------------|
| | | | Amount in Foreign Currency | Amount in Rs. Lakhs | Amount in Foreign Currency | Amount in Rs. Lakhs |
| Forward contracts on past performance | Hedging of foreign currency receivables | USD | 27000000 | 16178.40 | 28000000 | 15201.20 |
| | | GBP | 4000000 | 3991.20 | 2000000 | 1085.80 |
| Currency and Interest Rate Swap | Hedging of floating interest rate | USD | 3719530 | 2228.74 | 7439062 | 4038.67 |

b) Particulars of unhedged foreign currency exposures as at the reporting date.

| Particulars | Currency | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|-------------------------|----------|----------------------------------|------------------------|----------------------------------|------------------------|
| | | Amount in Foreign Currency | Amount in Rs. Lakhs | Amount in Foreign Currency | Amount in Rs. Lakhs |
| Trade/Other Payable | GBP | 100641 | 100.42 | 146302 | 120.67 |
| Trade/Other Receivables | USD | 255207 | 152.92 | 423473 | 229.87 |

| | 2013-14 | 2012-13 |
|---------------------------------------|-----------|-----------|
| | Rs. Lakhs | Rs. Lakhs |
| c) Mark to Market Losses Provided for | 610.75 | 802.67 |



Notes to Financial Statements (Contd.)

53. Exceptional Item comprises

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|------------------------------------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Provision (Net) in carrying amount of Long-term Investments in : | | |
| An associate | 300.00 | 200.00 |
| Body Corporates | (2.23) | 33.44 |
| | 297.77 | 233.44 |

54. Previous year figures have been reclassified to conform to this year's classification.

Signatures to Notes 1 to 54.

For **PRICE WATERHOUSE**

Firm Registration Number 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata, 23rd May, 2014

A. Guha Sarkar

Company Secretary

A. Khaitan

Managing Director

K. K. Baheti

Wholetime Director & CFO

Independent Auditors' Report

To the Board of Directors of McLeod Russel India Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") 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) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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 the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.



7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying 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 March 31, 2014;
- (b) in the case of the consolidated Profit and Loss Statement, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

8. We did not audit the financial statements of (i) one subsidiary included in the consolidated financial statements, which constitute total assets of Rs 45,480.91 lakhs and net assets of Rs 32,706.50 lakhs as at March 31, 2014, total revenue of Rs 31,518.49 lakhs, net profit of Rs 6323.06 lakhs and net cash flows amounting to Rs 67.44 lakhs for the year then ended; and (ii) one associate company which constitute net loss of Rs 120.24 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have 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.

For Price Waterhouse

Firm Registration Number: 301112E

Chartered Accountants

Prabal Kr. Sarkar

Partner

Membership Number :52340

Kolkata

May 23, 2014

Consolidated Balance Sheet as at 31st March, 2014

| | Note | 31st March 2014 | | 31st March 2013 | |
|--------------------------------|------|-----------------|-----------|-----------------|-----------|
| | | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| EQUITY AND LIABILITIES | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 2 | 5472.79 | | 5472.79 | |
| Reserves and Surplus | 3 | 210203.46 | | 189620.12 | |
| | | | 215676.25 | | 195092.91 |
| Minority Interest | | | 1838.39 | | 1531.55 |
| Non-current Liabilities | | | | | |
| Long-term Borrowings | 4 | 8262.16 | | 2582.74 | |
| Deferred Tax Liabilities (Net) | 5 | 7444.39 | | 8233.48 | |
| Long-term Provisions | 6 | 3066.56 | 18773.11 | 2903.71 | 13719.93 |
| Current Liabilities | | | | | |
| Short-term Borrowings | 7 | 16203.32 | | 14276.39 | |
| Trade Payables | 8 | 7277.63 | | 7638.82 | |
| Other Current Liabilities | 9 | 14882.01 | | 16833.69 | |
| Short-term Provisions | 10 | 14109.04 | 52472.00 | 14257.95 | 53006.85 |
| TOTAL | | | 288759.75 | | 263351.24 |
| ASSETS | | | | | |
| Non-Current Assets | | | | | |
| Fixed Assets | | | | | |
| Tangible Assets | 11 | 181503.54 | | 167699.38 | |
| Intangible Assets | 12 | 25748.23 | | 25115.49 | |
| Capital Work-in-Progress | | 5258.91 | 212510.68 | 3987.18 | 196802.05 |
| Non-Current Investments | 13 | 1329.22 | | 1665.37 | |
| Long-term Loans and Advances | 14 | 23164.41 | | 17940.45 | |
| Other Non-current Assets | 15 | 1502.95 | 25996.58 | 1495.27 | 21101.09 |
| Current Assets | | | | | |
| Inventories | 16 | 20247.63 | | 17083.21 | |
| Trade Receivables | 17 | 4687.49 | | 4057.54 | |
| Cash and Bank Balances | 18 | 4821.43 | | 4634.58 | |
| Short-term Loans and Advances | 19 | 15969.00 | | 15146.74 | |
| Other Current Assets | 20 | 4526.94 | 50252.49 | 4526.03 | 45448.10 |
| TOTAL | | | 288759.75 | | 263351.24 |

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

Prabal Kr. Sarkar
Partner
Membership Number 52340
Kolkata, 23rd May, 2014

A. Guha Sarkar
Company Secretary

A. Khaitan
Managing Director

K. K. Baheti
Wholetime Director & CFO



Consolidated Profit and Loss Statement for the year ended 31st March, 2014

| | Note | Year ended 31st March 2014 Rs. Lakhs | Year ended 31st March 2013 Rs. Lakhs |
|----------------------------------------------------------------------------------------------------|------|--------------------------------------------|--------------------------------------------|
| Revenue from Operations | 21 | 178875.71 | 166855.14 |
| Other Income | 22 | 4435.60 | 3442.32 |
| Total Revenue | | 183311.31 | 170297.46 |
| Expenses: | | | |
| Cost of Materials Consumed | 23 | 29079.53 | 23795.19 |
| Purchase of Tea | | 776.22 | 1790.41 |
| Changes in Inventories of Finished Goods | 24 | (3522.87) | (792.93) |
| Employee Benefits Expense | 25 | 58380.57 | 52618.76 |
| Finance Costs | 26 | 5979.83 | 5104.94 |
| Depreciation and Amortisation Expense | 27 | 3771.08 | 3919.74 |
| Other Expenses | 28 | 58900.93 | 51321.95 |
| Total Expenses | | 153365.29 | 137758.06 |
| Profit before Exceptional Items and Tax | | 29946.02 | 32539.40 |
| Exceptional Items | 44 | 215.99 | 30.93 |
| Profit before Taxation, Share of Earnings/(Loss) from Associates and Minority Interest | | 29730.03 | 32508.47 |
| Tax expense: | | | |
| Current Tax | | 5534.56 | 6189.25 |
| MAT Credit Entitlement | | (1087.53) | (1779.88) |
| Provision/(Write back) relating to earlier years | | (30.39) | (612.72) |
| Deferred Tax | | (931.04) | 500.52 |
| Profit after Taxation but before Share of Earnings/(Loss) from Associates and Minority Interest | | 26244.43 | 28211.30 |
| Less : Share of Associate's Loss | | 120.24 | 202.51 |
| Less : Minority Interest | | 408.94 | 615.76 |
| Profit for the Year | | 25715.25 | 27393.03 |
| Earnings per Equity Share: | | | |
| [Nominal Value per share : Rs.5/- (Previous Year : Rs.5/-)] | 38 | | |
| - Basic | | 23.49 | 25.03 |
| - Diluted | | 23.49 | 25.03 |

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

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata, 23rd May, 2014

A. Guha Sarkar

Company Secretary

A. Khaitan

Managing Director

K. K. Baheti

Wholetime Director & CFO

Consolidated Cash Flow Statement for the year ended 31st March, 2014

| | 2013-14 | | 2012-13 | |
|--------------------------------------------------------------------------------------------|-----------|------------|-----------|------------|
| | 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 | | 29730.03 | | 32508.47 |
| Adjustments for : | | | | |
| Provision for Doubtful Debts | | - | | 177.06 |
| Provision for Diminution in Long-term Investments | | 215.99 | | 30.93 |
| Provision for Doubtful Advances | | - | | 11.73 |
| Provision for Doubtful Debts no longer required written back | | (53.18) | | - |
| Liabilities no longer required written back | | (145.88) | | (297.76) |
| Bad Debts written off | | - | | 2.28 |
| Reversal of Impairment Loss | | (1317.59) | | (350.00) |
| Depreciation on Tangible Assets | | 4654.49 | | 3939.43 |
| Amortisation on Intangible Assets | | 434.18 | | 330.31 |
| Profit on Disposal of Fixed Assets (Net) | | 55.69 | | (380.91) |
| Dividend on Long Term Trade Investments | | (223.03) | | (35.78) |
| Interest Income | | (3018.94) | | (2089.72) |
| Interest Expense | | 5707.20 | | 4964.15 |
| Unrealised Foreign Exchange Losses/(Gains) | | 100.56 | | 164.94 |
| Exchange difference on translation of foreign currency | | (1887.11) | | (153.19) |
| Operating Profit before Working Capital changes | | 34252.41 | | 38821.94 |
| Changes in Working Capital | | | | |
| Increase/(Decrease) in Trade Payables | (215.31) | | 626.11 | |
| Increase/(Decrease) in Other Current Liabilities | (94.08) | | (943.51) | |
| Increase/(Decrease) in Provision | 232.32 | | 183.05 | |
| (Increase)/Decrease in Trade Receivables | (576.76) | | (1270.99) | |
| (Increase)/Decrease in Inventories | (3164.42) | | (4604.51) | |
| (Increase)/Decrease in Loans and Advances | (4075.47) | | (5513.53) | |
| (Increase)/Decrease in Other Current Assets | 240.06 | | (140.22) | |
| (Increase)/Decrease in Other Non Current Assets | (7.68) | (7661.34) | 2.25 | (11661.35) |
| Cash Generated from Operations | | 26591.07 | | 27160.59 |
| Taxes paid (Net of refunds) | | (6899.59) | | (6322.37) |
| Net Cash from Operating Activities | | 19691.48 | | 20838.22 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Purchase of Tangible/Intangible Assets | | (16794.46) | | (9993.72) |
| Purchase of Long-term Investments | | (0.71) | | - |
| Disposal of Tangible Assets | | 136.87 | | 581.37 |
| Capital Subsidy Received | | 47.52 | | 232.28 |
| Loans Recovered/(given) | | 90.18 | | 204.71 |
| Redemption/Sale of Long Term Investments | | 0.63 | | 1.26 |
| Interest Subsidy Received | | - | | - |
| Interest Received | | 2777.97 | | 1912.85 |
| Dividend Received | | 223.03 | | 35.78 |
| Net cash used for Investing Activities | | (13518.97) | | (7025.47) |



Consolidated Cash Flow Statement for the year ended 31st March, 2014

| | 2013-14 | | 2012-13 | |
|--------------------------------------------------------------------------------------|-----------|---------------|-----------|----------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Proceeds from Long-term Borrowings | | 10947.27 | | - |
| Proceeds from Short-term Borrowings | | 1926.93 | | 3875.16 |
| Repayment of Long-term Borrowings | | (7309.45) | | (5446.21) |
| Interest paid | | (5646.49) | | (5107.25) |
| Dividend paid/Transferred to Investor Education and Protection Fund | | (4776.94) | | (4978.79) |
| Dividend Tax paid | | (1129.28) | | (862.46) |
| Net cash used for Financing Activities | | (5987.96) | | (12519.55) |
| D. EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON | | | | |
| Cash and Cash Equivalents | | 2.30 | | 0.08 |
| Net Increase in Cash and Cash Equivalents (A+B+C+D) | | 186.85 | | 1293.28 |
| Cash and Cash Equivalents at the beginning of the year (Refer Note 18) | | 4634.58 | | 3341.30 |
| Cash and Cash Equivalents at the end of the year (Refer Note 18) * | | 4821.43 | | 4634.58 |
| Changes in Cash and Cash Equivalents-Increase | | 186.85 | | 1293.28 |
| * Includes the following balances which are available for use for specific purposes. | | | | |
| Unpaid Dividend Account | | 319.75 | | 241.95 |
| Escrow Accounts/Fractional Share sale Proceeds Account | | 0.60 | | 0.61 |

(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 47 to the Consolidated Financial Statements.

(c) 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

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata, 23rd May, 2014

A. Guha Sarkar

Company Secretary

A. Khaitan

Managing Director

K. K. Baheti

Wholetime Director & CFO

Notes to consolidated 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.

Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions 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. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

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. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

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.5000 are fully depreciated in the year of purchase.

Leasehold land is amortised over the period of lease.

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.



Notes to consolidated Financial Statements (Contd.)

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 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.

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. 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

Notes to consolidated Financial Statements *(Contd.)*

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 Profit and Loss Statement. Capital expenditure on assets acquired for Research and Development is added to Fixed Assets, if any.

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.



Notes to consolidated Financial Statements (Contd.)

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.

2. SHARE CAPITAL

| | 31st March 2014 | 31st March 2013 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Authorised | | |
| 12,00,00,000 (31.03.13 - 12,00,00,000) Equity Shares of Rs.5/- each | 6000.00 | 6000.00 |
| Issued, subscribed and paid-up | | |
| 10,94,55,735 (31.03.13 -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 |

Notes to consolidated Financial Statements (Contd.)

3. RESERVES AND SURPLUS

Rs. Lakhs

| | General Reserve [Refer Note (a) below] | Securities Premium Account | Capital Reserve | Revaluation Reserve [Refer Note 11 (c)] | 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 | 75000.00 | 11053.58 | 359.35 | 55846.22 | 19209.20 | (2956.14) | 31107.91 | 189620.12 |
| Add : Profit for the year | - | - | - | - | - | - | 25715.25 | 25715.25 |
| Less : Transferred to General Reserve | - | - | - | - | - | - | 10000.00 | 10000.00 |
| Add : Transferred from Surplus in Profit and Loss Statement | 10000.00 | - | - | - | - | - | - | 10000.00 |
| Less : Adjustment on account of disposal of Revalued Assets | - | - | - | 4.76 | - | - | - | 4.76 |
| Less : Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets (Refer Note 27) | - | - | - | 348.03 | - | - | - | 348.03 |
| Add : Adjustment on account of Write back of Impairment Provision (Refer Note 11) | - | - | - | 732.41 | - | - | - | 732.41 |
| Add : Amount adjusted during the year | - | - | - | - | - | 407.26 | - | 407.26 |
| Add : Adjustment on account of Dividend (Refer Note 40) | - | - | - | - | - | - | 2878.12 | 2878.12 |
| Less : Proposed Dividend by the Parent Company | - | - | - | - | - | - | 7661.90 | 7661.90 |
| Less : Tax on Proposed Dividend by the Parent Company [Refer Note (c) below] | - | - | - | - | - | - | 1135.01 | 1135.01 |
| Balance at the end of the year | 85000.00 | 11053.58 | 359.35 | 56225.84 | 19209.20 | (2548.88) | 40904.37 | 210203.46 |

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.

c) Net of write back Rs.167.13 lakhs (31.03.2013 - Rs. Nil) relating to earlier year.



Notes to consolidated Financial Statements (Contd.)

4. LONG-TERM BORROWINGS

| | 31st March 2014 | 31st March 2013 |
|------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| SECURED | | |
| Term Loans from Banks | | |
| ICICI Bank Limited | - | 1750.00 |
| HDFC Bank Limited | 5000.00 | - |
| Standard Chartered Bank | 293.80 | 832.74 |
| ICICI Bank UK Plc | 2968.36 | - |
| | 8262.16 | 2582.74 |

5. DEFERRED TAX LIABILITIES (NET)

| | 31st March 2014 | | 31st March 2013 | |
|------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------|-----------------|----------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| 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 | | 9863.62 | | 9543.74 |
| B. Deferred Tax Assets | | | | |
| i) Items allowed for tax purpose on payment | 1135.44 | | 644.44 | |
| ii) Provision for Doubtful Debts, Advances etc. | 1283.79 | 2419.23 | 665.82 | 1310.26 |
| Net Deferred Tax Liabilities (A-B) [Refer (c) below] | | 7444.39 | | 8233.48 |

(c) Includes Rs. 141.95 lakhs (31.03.2013 - Rs.40.87 lakhs) on account of foreign exchange adjustment.

6. LONG-TERM PROVISIONS

| | 31st March 2014 | 31st March 2013 |
|-----------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Provision for Employee Benefits [Refer Note 31 (j)] | 3066.56 | 2903.71 |
| | 3066.56 | 2903.71 |

7. SHORT-TERM BORROWINGS

| | 31st March 2014 | 31st March 2013 |
|----------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Secured Loans repayable on demand from Banks | | |
| Cash Credit, Packing Credit and Demand Loans | 16203.32 | 14276.39 |
| | 16203.32 | 14276.39 |

8. TRADE PAYABLES

| | 31st March 2014 | 31st March 2013 |
|----------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Trade payables | 7277.63 | 7638.82 |
| | 7277.63 | 7638.82 |

Notes to consolidated Financial Statements *(Contd.)*

9. OTHER CURRENT LIABILITIES

| | 31st March 2014 | 31st March 2013 |
|----------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Current maturities of long-term debt | 5927.26 | 8007.95 |
| Interest accrued but not due on borrowings | 147.00 | 86.29 |
| Advances from Customers/Selling Agents | 708.61 | 1527.56 |
| Unpaid Dividends [Refer (a) below] | 319.75 | 241.95 |
| Unclaimed Fractional Share Sale Proceeds | 0.60 | 0.61 |
| Deposits Received from Agents | 159.50 | 156.50 |
| Employee Benefits Payable | 6121.70 | 5434.96 |
| Remuneration payable to Non -Whole time Directors | 18.00 | 18.00 |
| Statutory dues (including Provident Fund and Tax deducted at Source) | 1187.78 | 1152.64 |
| Capital Liabilities | 291.81 | 207.23 |
| | 14882.01 | 16833.69 |

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 [Refer Note 31 (j)] | 1455.58 | 1379.11 |
| Others | | |
| Provision for Income Tax (Net of Advance Tax) | 1975.30 | 2104.25 |
| Provision for Fringe Benefit Tax (Net of Advance Tax) | 42.18 | 66.38 |
| Proposed Dividend | 7792.14 | 7863.10 |
| Provision for Tax on Proposed Dividend | 2818.84 | 2813.11 |
| Provision for Wealth Tax | 25.00 | 32.00 |
| | 14109.04 | 14257.95 |



Notes to consolidated Financial Statements (Contd.)

| 11. TANGIBLE ASSETS | | | | | | | | | | | Rs. in Lakhs |
|------------------------|----------------------------------|----------------------------------------|-----------------------------------------------------------------|------------------------|------------------------------------------|--------------|------------------------------------------------------------|-----------------------------------------|------------------------------------------|-------------------------------------------|-------------------------------------------|
| Particulars | GROSS BLOCK AT COST OR VALUATION | | | | DEPRECIATION | | | | NET BLOCK | | |
| | As at 31st March, 2013 | Additions/ adjustments during the year | Disposal/ adjustments during the year [Refer (a) and (d) below] | As at 31st March, 2014 | Up to 31st March, 2013 [Refer (f) below] | For the year | On disposal/ adjustments during the year [Refer (e) below] | Impairment written back during the year | Up to 31st March, 2014 [Refer (f) below] | Written down value as at 31st March, 2014 | Written down value as at 31st March, 2013 |
| Estate and Development | 99099.58 | 390.51 | (113.88) | 99603.97 | 3511.41 | 39.35 | (146.07) | 1230.99 | 2465.84 | 97138.13 | 95588.17 |
| Land | | | | | | | | | | | |
| - Freehold | 4312.32 | - | - | 4312.32 | - | - | - | - | - | 4312.32 | 4312.32 |
| [Refer (b) below] | | | | | | | | | | | |
| - Leasehold | - | 318.85 | - | 318.85 | - | 10.63 | - | - | 10.63 | 308.22 | - |
| Buildings | 64872.50 | 5993.55 | (700.96) | 71567.01 | 20061.93 | 1420.69 | (174.95) | 644.90 | 21012.67 | 50554.34 | 44810.57 |
| Plant and Equipment | 48295.27 | 7862.30 | (1110.71) | 57268.28 | 29163.07 | 2767.48 | (673.92) | 174.11 | 32430.36 | 24837.92 | 19132.20 |
| Furniture and Fixtures | 1804.85 | 248.47 | 76.68 | 1976.64 | 1089.56 | 108.29 | 81.44 | - | 1116.41 | 860.23 | 715.29 |
| Vehicles | 6152.75 | 840.11 | 100.51 | 6892.35 | 3506.00 | 554.30 | 119.06 | - | 3941.24 | 2951.11 | 2646.75 |
| Office Equipment | 694.60 | 69.01 | (22.81) | 786.42 | 422.08 | 31.40 | (40.22) | - | 493.70 | 292.72 | 272.52 |
| Computer | 699.63 | 83.05 | (60.86) | 843.54 | 478.07 | 70.38 | (46.54) | - | 594.99 | 248.55 | 221.56 |
| 31st March, 2014 | 225931.50 | 15805.85 | (1832.03) | 243569.38 | 58232.12 | 5002.52 | (881.20) | 2050.00 | 62065.84 | 181503.54 | 167699.38 |
| 31st March, 2013 | 216800.65 | 10086.05 | 955.20 | 225931.50 | 55226.70 | 4303.18 | 397.76 | 900.00 | 58232.12 | 167699.38 | |

a) Includes Capital Subsidy in respect of following Tangible Assets

- Plant and Equipment - Rs. 47.52 lakhs (31.03.2013 - Rs. 175.66 lakhs)
- Vehicles - Rs. Nil (31.03.2013 - Rs. 56.62 lakhs)

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

c) Pursuant to the schemes of Arrangement/ Amalgamation effected in earlier years, certain assets (Estate and Development, Buildings, Plant and Equipment, and Furniture and Fixtures) were taken over at revalued amount and incorporated in the books of account.

d) Net of foreign exchange adjustment of Rs.2449.24 lakhs (31.03.2013 - Rs.2908.85 lakhs)

e) Net of foreign exchange adjustment of Rs.1253.56 lakhs (31.03.2013 - Rs.300.23 lakhs)

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

| | Impairment Loss as at | |
|------------------------|------------------------------|------------------------------|
| | 31st March 2014 Rs. Lakhs | 31st March 2013 Rs. Lakhs |
| Estate and Development | 856.18 | 2087.17 |
| Buildings | 166.66 | 811.56 |
| Plant and Equipment | 47.16 | 221.27 |
| | 1070.00 | 3120.00 |

Notes to consolidated Financial Statements (Contd.)

11. TANGIBLE ASSETS (contd...)

During the year 2013-14, reduction in accumulated impairment loss are Estate and Development Rs.1230.99 lakhs (31.03.2013 - Rs.322.01 lakhs), Building Rs.644.90 lakhs (31.03.2013 - Rs.151.81 lakhs) and Plant and Equipment Rs.174.11 lakhs (31.03.2013 - Rs.76.18 lakhs) aggregating Rs.2050.00 lakhs (31.03.2013 - Rs.550.00 lakhs) in the nature of reversal of impairment loss by adopting discounted cash flow method [based on value in use considering the discounting factor at 10.00% (31.03.2013 - 8.50%) in the current estimate and at 8.50% (31.03.2013 - 8.50%) in the previous estimate] upon improvement in profitability of Mathura Tea Estate, Chuapara Tea Estate and Central Doars Tea Estate. Out of this, Rs.732.41 lakhs (31.03.2013 - Rs.200.00 lakhs) has been added to Revaluation Reserve (Refer Note 3) and Rs.1317.59 lakhs (31.03.2013 - Rs.350.00 lakhs) has been subtracted from depreciation for the year (Refer Note 27)

12. INTANGIBLE ASSETS

| 12. INTANGIBLE ASSETS | | | | | | | | | | Rs. Lakhs |
|---------------------------|------------------------|----------------------------------------|--------------------------------------------------------|------------------------|------------------------|---------------|-----------------------------------------------------------|------------------------|-------------------------------------------|-------------------------------------------|
| Particulars | GROSS BLOCK AT COST | | | AMORTISATION | | | NET BLOCK | | | |
| | As at 31st March, 2013 | Additions/ adjustments during the year | Disposal/ adjustments during the year [Refer (c)below] | As at 31st March, 2014 | Up to 31st March, 2013 | For the year | On disposal/ adjustments during the year [Refer (d)below] | Up to 31st March, 2014 | Written down value as at 31st March, 2014 | Written down value as at 31st March, 2013 |
| Intangible Assets | | | | | | | | | | |
| Goodwill | 20.44 | - | - | 20.44 | 20.44 | - | - | 20.44 | - | - |
| Goodwill on Consolidation | 20969.09 | 0.21 | (867.13) | 21836.43 | - | - | - | - | 21836.43 | 20969.09 |
| Trade Mark [Brand] | 5960.24 | - | (201.43) | 6161.67 | 2398.59 | 305.98 | (72.61) | 2777.18 | 3384.49 | 3561.65 |
| [Refer (a) below] | | | | | | | | | | |
| Computer Software | 618.86 | 70.12 | (2.87) | 691.85 | 34.11 | 128.20 | (2.23) | 164.54 | 527.31 | 584.75 |
| [Refer (b) below] | | | | | | | | | | |
| 31st March, 2014 | 27568.63 | 70.33 | (1071.43) | 28710.39 | 2453.14 | 434.18 | (74.84) | 2962.16 | 25748.23 | 25115.49 |
| 31st March, 2013 | 28403.14 | 615.08 | 1449.59 | 27568.63 | 3981.84 | 330.31 | 1859.01 | 2453.14 | 25115.49 | |

a) The above comprise :

- Trade Mark (Brand - WM logo) of Rs. 5000.00 lakhs (31.03.13 - 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
 - Other Trade Marks of Rs. 960.24 lakhs (31.03.13 - Rs. 2340.45 lakhs) acquired by a subsidiary, which are being amortised over the expected economic lives of 5 to 20 years.
- Computer Software is being amortised under straight line method over 5 years.
 - Net of foreign exchange adjustment of Rs. 1073.47 lakhs (31.03.13 - Rs. 130.48 lakhs)
 - Net of foreign exchange adjustment of Rs. 76.59 lakhs (31.03.13 - Rs. 97.52 lakhs)



Notes to consolidated Financial Statements (Contd.)

13. NON - CURRENT INVESTMENTS

| | 31st March 2014 | 31st March 2013 |
|--------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| (valued at cost unless stated otherwise) | | |
| (In Equity Shares of Rs.10 each fully paid and at cost, except otherwise stated) | | |
| Long Term | | |
| Trade | | |
| Investments in Equity Instruments - Associates | | |
| Unquoted | | |
| D1 Williamson Magor Bio Fuel Limited [Refer (b) below] | | |
| 7281201 Shares (31.03.2013 - 7281201 Shares) | 184.35 | 484.35 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.501.63 lakhs (31.03.2013 - Rs.321.87 lakhs)] | | |
| Investments in Equity Instruments - Others | | |
| Quoted | | |
| Murabblack India Limited | | |
| 500000 Shares (31.03.2013 - 500000 Shares) | * | * |
| McNally Bharat Engineering Co. Limited | | |
| 3052295 Shares (31.03.2013 - 3052295 Shares) | 131.25 | 131.25 |
| Williamson Financial Services Limited | | |
| 1666853 Shares (31.03.2013 - 1666853 Shares) | 488.39 | 485.89 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.30.94 lakhs (31.03.2013 - Rs.33.44 lakhs)] | | |
| Eveready Industries India Limited | | |
| 1663289 Shares of Rs.5/- each (31.03.2013 - 1663289 Shares) | 169.66 | 169.66 |
| Kilburn Engineering Limited | | |
| 848168 Shares (31.03.2013 - 848168 Shares) | 36.05 | 36.05 |
| The Standard Batteries Limited | | |
| 1003820 Shares of Re. 1/- each (31.03.2013 - 1003820 Shares) | * | * |
| Kilburn Chemicals Limited | | |
| 350200 Shares (31.03.2013 - 350200 Shares) | 14.04 | 14.04 |
| Kilburn Office Automation Limited | | |
| 31340 Shares (31.03.2013 - 31340 Shares) | 1.00 | 1.27 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.0.27 lakhs (31.03.2013 - Rs. Nil)] | | |
| Unquoted | | |
| Babcock Borsig Limited | | |
| 1299600 Shares (31.03.2013 - 1299600 Shares) | 281.40 | 319.86 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.401.94 lakhs (31.03.2013 - Rs.363.48 lakhs)] | | |
| Dewrance Macneill & Co. Limited | | |
| 200000 Shares (31.03.2013 - 200000 Shares) | * | * |
| Kilburn Electricals Limited | | |
| 28000 Shares (31.03.2013 - 28000 Shares) | * | * |
| Cosepa Fiscal Industries Limited | | |
| 350000 Shares (31.03.2013 - 350000 Shares) | * | * |

Notes to consolidated Financial Statements *(Contd.)*

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

| | 31st March 2014 | 31st March 2013 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Unquoted (contd...) | | |
| Delhi Golf & County Club Private Limited 35750 Shares of Rs.100/- each (31.03.2013 - 35750 Shares) | * | * |
| ABC Tea Workers Welfare Services Limited 11067 Shares (31.03.2013 - Nil) | 0.71 | - |
| Other than Trade | | |
| Investments in Equity Instruments - Others | | |
| Quoted | | |
| Suryachakra Seafood Limited 400000 Shares (31.03.2013 - 400000 Shares) | * | * |
| Unquoted | | |
| Jalpaiguri Club Limited 523 Shares (31.03.2013 - 523 Shares) | - | - |
| Indonilpur Marketing Pvt. Ltd. (formerly known as Nilpur Marketing Pvt. Limited) 12500 Shares (31.03.2013 - 12500 Shares) | - | - |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.1.25 lakhs (31.03.2013 - Rs.1.25 lakhs)] | | |
| Nilhat Shipping Company Limited 1000 Shares (31.03.2013 - 1000 Shares) | - | - |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.0.10 lakhs (31.03.2013 - Rs.0.10 lakhs)] | | |
| Woodlands Multispeciality Hospital Limited 229610 Shares (31.03.2013 - 229610 Shares) | 22.35 | 22.35 |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.0.01 lakhs (31.03.2013 - Rs.0.01 lakhs)] | | |
| Investments in preference shares | | |
| Unquoted | | |
| Thakurbari Club Limited 56 Preference Shares of Rs.100 each (31.03.2013 - 56 Preference Shares) | * | * |
| CFL Capital Financial Services Ltd. - 1154790 13% Reedemable Cumulative Preference Shares of Rs.100 each (31.03.2013 - 1154790 Preference Shares) | - | - |
| [Net of Provision other than temporary diminution in carrying amount of investment - Rs.1160.56 lakhs (31.03.2013 - Rs.1160.56 lakhs)] | | |
| Investments in Government or trust securities | | |
| Quoted | | |
| 9% Government of India Loan - 2013 | - | 0.63 |
| Unquoted | | |
| National Defence Bond (Deposited with Excise Authorities) | 0.02 | 0.02 |
| | 1329.22 | 1665.37 |

* Amount is below the rounding off norm adopted by the Company.



Notes to consolidated Financial Statements (Contd.)

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

| | 31st March 2014 | | 31st March 2013 | |
|-----------------------------------------------------------------------------------------------|-----------------|---------------|-----------------|---------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| (a) Aggregate amount of quoted investments | | 871.59 | | 872.23 |
| Aggregate market value of quoted investments | | 3549.23 | | 3023.33 |
| Aggregate amount of unquoted investments; | | 2554.33 | | 2673.85 |
| Aggregate provision for diminution in value of investments | | 2096.70 | | 1880.71 |
| (b) Investment in D1 Williamson Magor Bio Fuel Limited (Associate Company) [Refer Note 29(c)] | | | | |
| Shares in Net Assets on Acquisition | | 1610.01 | | 1610.01 |
| Add : Goodwill arising on Acquisition | | 574.35 | | 574.35 |
| Cost of Investment | | 2184.36 | | 2184.36 |
| Less : Group's share in accumulated loss: | | | | |
| As per last account | 1378.14 | | 1175.63 | |
| Loss for the year | 120.24 | 1498.38 | 202.51 | 1378.14 |
| | | 685.98 | | 806.22 |
| Less : Provision for diminution | | 501.63 | | 321.87 |
| | | 184.35 | | 484.35 |

14. LONG-TERM LOANS AND ADVANCES

| | 31st March 2014 | 31st March 2013 |
|-------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| (Unsecured-considered good unless otherwise stated) | | |
| Capital Advances | | |
| Considered Good | 470.37 | 739.24 |
| Considered Doubtful | 40.93 | - |
| Less: Allowance for Doubtful Capital Advances | (40.93) | - |
| Security Deposits; | | |
| Considered Good | 1434.82 | 1256.90 |
| 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 | 15173.19 | 12938.67 |
| Other Loans and Advances | | |
| MAT Credit Entitlement | 4495.06 | 2582.51 |
| Prepaid Expenses | 521.19 | 384.12 |
| Advances to Suppliers, Service Providers etc. | 1217.20 | 1217.20 |
| Less : Provision for Bad and Doubtful Advances (Refer Note 45) | (1217.20) | (1217.20) |
| Loans to Others | 850.00 | 850.00 |
| Less : Provision for Bad and Doubtful Loans (Refer Note 45) | (850.00) | (850.00) |
| Loans to Employees | 40.35 | 37.08 |
| Loans to Related Parties (Key Management Personnel) (a) | 1029.43 | 1.93 |
| | 23164.41 | 17940.45 |

(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.)

15. OTHER NON-CURRENT ASSETS

| | 31st March 2014 | 31st March 2013 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Book value of Investments held through Trust - 2,70,67,500 (31.03.13 - 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) | 14.70 | 13.98 |
| Other Long Term Receivable | | |
| From Sale of Tea Estates | 180.82 | 198.76 |
| Receivables from Tea Growers | 414.64 | 389.74 |
| Interest accrued on Loans and Deposits | 2284.22 | 2284.22 |
| Less : Provision for Bad and Doubtful Accrued Interest (Refer Note 45) | (2284.22) | (2284.22) |
| | 1502.95 | 1495.27 |

(a) For issuing Bank Guarantee

16. INVENTORIES

| | | |
|-----------------------------------------------------------------------|-----------------|-----------------|
| At lower of cost and net realisable value | | |
| Finished Goods (Stock of Tea) | 9729.19 | 6199.38 |
| [including in transit Rs.395.09 lakhs (31.03.2013 - Rs.272.97 lakhs)] | | |
| Stores and spares | 10518.44 | 10883.83 |
| | 20247.63 | 17083.21 |

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 | 405.15 | 690.49 |
| - Considered Doubtful | 340.90 | 394.08 |
| Less: Provision for Doubtful Debts | (340.90) | (394.08) |
| Other Debts | | |
| Unsecured | | |
| - Considered Good | 3932.34 | 3017.05 |
| | 4687.49 | 4057.54 |

18. CASH AND BANK BALANCES

| | | |
|--------------------------------------------------------|----------------|----------------|
| Cash and Cash Equivalents | | |
| Cash on hand | 94.72 | 71.12 |
| Balance with banks in Current Accounts | 4406.36 | 4320.90 |
| Dividend Accounts * | 319.75 | 241.95 |
| Escrow Accounts/Fractional Share Sale Proceeds Account | 0.60 | 0.61 |
| | 4821.43 | 4634.58 |

* Earmarked for payment of unclaimed dividend

(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.)

19. SHORT-TERM LOANS AND ADVANCES

| | 31st March 2014 | 31st March 2013 |
|-------------------------------------------------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| (Unsecured - considered good unless otherwise stated) – | | |
| Loans to Related Parties | | |
| - Subsidiary | 33.59 | - |
| - Key Managerial Personnel (a) | 272.20 | 249.81 |
| Loans to Others | | |
| Considered Good | 328.00 | 418.18 |
| 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 | 4000.00 |
| Other Loans and Advances | | |
| MAT Credit Entitlement | 233.54 | 1058.56 |
| Advance Tax (Net of Provision) | 3896.44 | 2654.17 |
| Prepaid Expenses | 1011.07 | 785.68 |
| Balance with Excise Authorities | 67.99 | 11.33 |
| Advance for Employee Benefits | 1584.25 | 794.95 |
| Advance to Employees | 700.57 | 586.77 |
| Advance to Suppliers, Service Providers etc. | | |
| Considered Good | 2365.36 | 3268.52 |
| Considered Doubtful | 103.69 | 103.88 |
| Less: Provision for bad and Doubtful Advances | (103.69) | (103.88) |
| Loans to Employees | 107.88 | 101.86 |
| Deposit with Government Authorities | 67.45 | 55.00 |
| Claim Receivable | 600.66 | 461.91 |
| Tax payment under protest (Refer Note 37) | 700.00 | 700.00 |
| | 15969.00 | 15146.74 |

(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 | 1173.58 | 932.61 |
| Considered Doubtful | 173.35 | 173.35 |
| Less: Provision for Doubtful Interest Receivable | (173.35) | (173.35) |
| Subsidies receivable from Government | 1662.54 | 1631.92 |
| Compensation receivable from Government | 64.47 | 77.79 |
| Accrued duty exemption benefits pertaining to exports | 1626.35 | 1883.71 |
| | 4526.94 | 4526.03 |

Notes to consolidated Financial Statements (Contd.)

21. REVENUE FROM OPERATIONS

| | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|---------------------------------------------------------------------------------------------------|----------------------------|------------------|----------------------------|------------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| Sale of Product - Tea | | 175422.77 | | 162947.54 |
| Other Operating Revenues | | | | |
| Consultancy Fees | 117.78 | | 196.31 | |
| Subsidy on Orthodox Tea | 131.73 | | 228.40 | |
| Replantation Subsidy | 179.22 | | 382.50 | |
| Transport Subsidy | 315.24 | | 356.47 | |
| Accrued duty exemption entitlement and other benefits relating to exports/premium on sale thereof | 2708.97 | | 2743.92 | |
| | | 3452.94 | | 3907.60 |
| | | 178875.71 | | 166855.14 |

22. OTHER INCOME

| | | | | |
|-----------------------------------------------------------------------------|---------|----------------|---------|----------------|
| Interest Income (Gross) | | | | |
| On Deposits | 1301.52 | | 983.16 | |
| On Loans | 1717.42 | | 1099.40 | |
| On Tax Refunds | - | 3018.94 | 7.16 | 2089.72 |
| Dividend on Long Term Trade Investments | | 223.03 | | 35.78 |
| Insurance Claims | | 158.36 | | 302.20 |
| Sundry Income | | 249.29 | | 335.95 |
| Profit on Disposal of Fixed Assets (net) | | 4.82 | | 380.91 |
| Provision for Doubtful Debt no Longer Required Written back (Refer Note 17) | | 53.18 | | - |
| Liabilities no Longer Required Written Back | | 145.88 | | 297.76 |
| Net Gain on Foreign Currency Transaction and Translation | | 582.10 | | - |
| | | 4435.60 | | 3442.32 |

23. COST OF MATERIALS CONSUMED

| | | | | |
|-------------------------------------|--|-----------------|--|-----------------|
| Green Leaf (purchased and consumed) | | 29079.53 | | 23795.19 |
| | | 29079.53 | | 23795.19 |

24. CHANGES IN INVENTORIES OF FINISHED GOODS

| | | | | |
|-----------------------------------------------|--|------------------|--|-----------------|
| Stock of Tea at the beginning of the year (a) | | 6112.86 | | 5406.45 |
| Less: Stock of Tea at the end of the year | | 9635.73 | | 6199.38 |
| (Increase)/Decrease | | (3522.87) | | (792.93) |

(a) Includes adjustment relating to exchange difference etc. Net of Rs.86.52 lakhs (31.03.13 - Rs.34.49 lakhs)

25. EMPLOYEE BENEFITS EXPENSE

| | | | | |
|-------------------------------------------|--|-----------------|--|-----------------|
| Salaries and Wages | | 46894.51 | | 41358.79 |
| Contribution to Provident and Other Funds | | 5141.12 | | 5606.24 |
| Labour and Staff Welfare | | 6344.94 | | 5653.73 |
| | | 58380.57 | | 52618.76 |



Notes to consolidated Financial Statements (Contd.)

26. FINANCE COSTS

| | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|-----------------------|----------------------------|----------------|----------------------------|----------------|
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| Interest Expense | | | | |
| On Fixed Loans | 1755.26 | | 1963.05 | |
| Others | 3951.94 | 5707.20 | 3001.10 | 4964.15 |
| Other Borrowing Costs | | 272.63 | | 140.79 |
| | | 5979.83 | | 5104.94 |

27. DEPRECIATION AND AMORTISATION

| | | | | |
|--------------------------------------------------------------------------------------------------------------------|-----------|----------------|----------|----------------|
| Depreciation on Tangible Assets | 5002.52 | | 4303.18 | |
| Less : Withdrawn on account of Depreciation on amount added on Revaluation of Tangible Assets (Refer Note 3) | (348.03) | | (363.75) | |
| Less : Reversal of Impairment Loss (Refer Note 11) | (1317.59) | 3336.90 | (350.00) | 3589.43 |
| Amortisation of Intangible Assets | | 434.18 | | 330.31 |
| | | 3771.08 | | 3919.74 |

28. OTHER EXPENSES

| | | | | |
|---------------------------------------------------------------------------------------|---|-----------------|---------|-----------------|
| Consumption of Stores and Spare Parts | | 8770.82 | | 8106.79 |
| Consumption of Packing Materials | | 1757.04 | | 1062.03 |
| Power and Fuel | | 19980.57 | | 16804.59 |
| Rent | | 114.06 | | 103.11 |
| Lease Rent | | 93.78 | | 25.66 |
| Repairs - Buildings | | 1871.48 | | 1609.64 |
| - Machinery | | 3836.27 | | 3213.27 |
| - Others | | 1551.90 | | 1368.41 |
| Insurance | | 949.20 | | 880.84 |
| Rates and Taxes [including wealth Tax Rs.25.00 lakhs (2012-2013 - Rs 32.00 Lakhs)] | | 592.44 | | 785.35 |
| Cess on Tea | | 457.54 | | 409.92 |
| Green Leaf Cess | | 1078.99 | | 991.41 |
| Travelling | | 1725.71 | | 1498.20 |
| Loss on disposal of Fixed Assets (net) | | 60.51 | | - |
| Legal and Professional Fees | | 1420.76 | | 1108.82 |
| Freight, Shipping and Selling Expenses | | 9092.12 | | 7868.81 |
| Brokerage on Sales | | 753.82 | | 693.32 |
| Selling Agents' Commission | | 551.83 | | 417.49 |
| Loss on Sale/Disposal of Investments | - | | 8.25 | |
| Less : Adjusted from Provisions | - | - | (8.25) | - |
| Security Deposit written off | - | | 35.24 | |
| Less : Adjusted from Provisions | - | - | (35.24) | - |
| Bad Debts written off | | - | | 2.28 |
| Provision for Doubtful Debts | | - | | 177.06 |
| Provision for Doubtful Advances | | - | | 11.73 |
| Net Loss on Foreign Currency Transaction and Translation | | - | | 158.02 |
| Loss on Derivative Contracts | | - | | 213.96 |
| Miscellaneous Expenses | | 4242.09 | | 3811.24 |
| | | 58900.93 | | 51321.95 |

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 |
|----------------------------------------------|--------------------------|---------------------------------------------------|------|----------------|
| | | 2014 | 2013 | |
| 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) Gisovu Tea Company Limited (GTCL) | Rwanda | 60% | 60% | 31st December |
| vi) McLeod Russel Middle East DMCC (MRME) | United Arab Emirates | 100% | 100% | 31st December |
| vii) McLeod Russel Africa Limited (MRAL) | Kenya | 100% | — | 31st December |

- (b) During the year the Group has formed a subsidiary MRAL on 20th May, 2013 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 | Proportion of ownership interest | |
|--------------------------------------|--------------------------|----------------------------------|------------------------|
| | | As at 31st March, 2014 | As at 31st March, 2013 |
| D1 Williamson Magor Bio Fuel Limited | India | 34.30% | 34.30% |

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).

31. Employee Benefits :

I. Post Employment Defined Contribution Plans:

During the year an amount of Rs.4461.98 lakhs (31st March 2013 - Rs.3999.76 lakhs) has been recognised as expenditure towards Defined Contribution plans of the Parent Company.



Notes to consolidated Financial Statements (Contd.)

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. 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 Reimbursement (Unfunded)

The Parent Company has a scheme of reimbursement 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 reimbursement 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.

Notes to consolidated Financial Statements *(Contd.)*

The following Tables sets forth the particulars in respect of aforesaid Defined Benefit plans of the Parent Company for the year ended 31st March, 2014 and corresponding figures for the previous year.

| Description | Gratuity Fund | |
|------------------------------------------------------------------------------------------------|------------------------|------------------------|
| | Funded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 11757.12 | 10574.50 |
| Interest Cost | 942.29 | 802.21 |
| Current Service Cost | 872.94 | 687.90 |
| Past Service Cost | - | - |
| Benefits Paid | 1342.59 | 1093.67 |
| Actuarial loss/(gain) on obligation | (2.11) | 786.18 |
| Present Value of obligation at the end of the year | 12227.65 | 11757.12 |
| 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 | 12031.58 | 10920.69 |
| Expected Return on Plan Assets | 1022.68 | 873.66 |
| Contributions | 1271.65 | 1099.60 |
| Benefits Paid | 1342.59 | 1093.67 |
| Actuarial gain/(loss) on Plan Assets | 110.76 | 231.30 |
| Fair Value of Plan Assets at the end of the year | 13094.08 | 12031.58 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 12227.65 | 11757.12 |
| Fair Value of Plan Assets at end of the year | 13094.08 | 12031.58 |
| Net Asset/(Liability) Recognised in Balance Sheet | 866.43 | 274.46 |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | 872.94 | 687.90 |
| Past Service Cost | - | - |
| Interest Cost | 942.29 | 802.21 |
| Expected Return on Plan Assets | 1022.68 | 873.66 |
| Actuarial loss/(gain) recognised in the year | (112.87) | 554.88 |
| Expense Recognised in Profit and Loss Statement | @ 679.68 | @ 1171.33 |
| @ included in Contribution to Provident and Other Funds (Note 25) | | |
| Category of Plan Assets | | |
| Investments in Bonds and Special Deposit | 31.05 | 30.97 |
| Investments with Life Insurance Corporation of India | 2129.62 | 1962.17 |
| Investments with other Insurance Companies | 10847.34 | 9952.47 |
| Others including Bank Balances | 86.07 | 85.97 |
| Total | 13094.08 | 12031.58 |
| Actual Return on Plan Assets | 1133.44 | 1104.96 |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |
| Inflation Rate (%) | 5.00 | 5.00 |
| Return on Asset (%) | 8.50 | 8.00 |



Notes to consolidated Financial Statements (Contd.)

| Description | Superannuation Fund | |
|------------------------------------------------------------------------------------------------|------------------------|------------------------|
| | Funded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 1849.76 | 1910.35 |
| Interest Cost | 146.64 | 146.20 |
| Current Service Cost | - | - |
| Benefits Paid | 249.09 | 165.77 |
| Actuarial loss/(gain) on obligation | (54.80) | (41.02) |
| Present Value of obligation at the end of the year | 1692.51 | 1849.76 |
| 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 | 2365.74 | 2297.83 |
| Expected Return on Plan Assets | 201.09 | 183.83 |
| Contributions | 6.71 | - |
| Benefits Paid | 249.09 | 165.77 |
| Actuarial gain/(loss) on Plan Assets | 81.18 | 49.85 |
| Fair Value of Plan Assets at the end of the year | 2405.63 | 2365.74 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 1692.51 | 1849.76 |
| Fair Value of Plan Assets at end of the year | 2405.63 | 2365.74 |
| Net Asset/(Liability) Recognised in Balance Sheet | 713.12 | 515.98 |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | - | - |
| Interest Cost | 146.64 | 146.20 |
| Expected Return on Plan Assets | 201.09 | 183.83 |
| Actuarial loss/(gain) recognised in the year | (135.98) | (90.87) |
| Expense Recognised in Profit and Loss Statement | @ (190.43) | @ (128.50) |
| @ Included in Contribution to Provident and other Funds (Note 25) | | |
| Category of Plan Assets | | |
| Investments in Bonds and Special Deposit | 47.65 | 47.80 |
| Investments with Life Insurance Corporation of India | 222.32 | 209.07 |
| Investments with other Insurance Companies | 2122.93 | 2080.25 |
| Others including Bank Balances | 12.73 | 28.62 |
| Total | 2405.63 | 2365.74 |
| Actual Return on Plan Assets | 282.27 | 233.68 |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |
| Return on Asset (%) | 8.50 | 8.00 |

Notes to consolidated Financial Statements *(Contd.)*

| Description | Staff Pension Fund Type A | |
|------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| | Funded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 436.91 | 396.96 |
| Interest Cost | 37.12 | 31.74 |
| Current Service Cost | 54.39 | 51.60 |
| Benefits Paid | 0.30 | 0.31 |
| Actuarial loss/(gain) on obligation | (124.81) | (43.08) |
| Present Value of obligation at the end of the year | 403.31 | 436.91 |
| 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 | 98.16 | 90.76 |
| Expected Return on Plan Assets | 8.34 | 7.26 |
| Contributions | 0.30 | 0.31 |
| Benefits Paid | 0.30 | 0.31 |
| Actuarial gain/(loss) on Plan Assets | (1.72) | 0.14 |
| Fair Value of Plan Assets at the end of the year | 104.78 | 98.16 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 403.31 | 436.91 |
| Fair Value of Plan Assets at end of the year | 104.78 | 98.16 |
| Net Asset/(Liability) Recognised in Balance Sheet | (298.53) | (338.75) |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | 54.39 | 51.60 |
| Interest Cost | 37.12 | 31.74 |
| Expected Return on Plan Assets | 8.34 | 7.26 |
| Actuarial loss/(gain) recognised in the year | (123.09) | (43.22) |
| Expense Recognised in Profit and Loss Statement | @ (39.92) | @ 32.86 |
| @ Included in Contribution to Provident and Other Funds (Note 25) | | |
| Category of Plan Assets | | |
| Investments with Life Insurance Corporation of India | 104.78 | 98.16 |
| Total | 104.78 | 98.16 |
| Actual Return on Plan Assets | 6.62 | 7.40 |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |
| Inflation Rate (%) | 5.00 | 5.00 |
| Return on Asset (%) | 8.50 | 8.00 |



Notes to consolidated Financial Statements (Contd.)

| Description | Staff Pension Type B | |
|------------------------------------------------------------------------------------------------|------------------------|------------------------|
| | Unfunded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 3077.57 | 2803.16 |
| Interest Cost | 255.42 | 218.71 |
| Current Service Cost | 444.64 | 267.75 |
| Benefits Paid | 145.17 | 138.65 |
| Actuarial loss/(gain) on obligation | (314.19) | (73.40) |
| Present Value of obligation at the end of the year | 3318.27 | 3077.57 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 3318.27 | 3077.57 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Net Asset/(Liability) Recognised in Balance Sheet | (3318.27) | (3077.57) |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | 444.64 | 267.75 |
| Interest Cost | 255.42 | 218.71 |
| Expected Return on Plan Assets | - | - |
| Actuarial loss/(gain) recognised in the year | (314.19) | (73.40) |
| Expense Recognised in Profit and Loss Statement | # 385.87 | # 413.06 |
| # included in Salaries and Wages (Note 25) | | |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |
| Inflation Rate (%) | 5.00 | 5.00 |

| Description | Medical Benefit Liability | |
|------------------------------------------------------------------------------------------------|---------------------------|------------------------|
| | Unfunded | |
| | 2013-2014 Rs. Lakhs | 2012-2013 Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 419.65 | 326.50 |
| Interest Cost | 35.67 | 26.12 |
| Current Service Cost | - | - |
| Benefits Paid | 27.71 | 22.98 |
| Actuarial loss/(gain) on obligation | 2.89 | 90.01 |
| Present Value of obligation at the end of the year | 430.50 | 419.65 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 430.50 | 419.65 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Net Asset/(Liability) Recognised in Balance Sheet | (430.50) | (419.65) |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | - | - |
| Interest Cost | 35.67 | 26.12 |
| Expected Return on Plan Assets | - | - |
| Actuarial loss/(gain) recognised in the year | 2.89 | 90.01 |
| Expense Recognised in Profit and Loss Statement | * 38.56 | * 116.13 |
| * included in Labour and Staff Welfare (Note 25) and Insurance (Note 28) | | |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |

Notes to consolidated Financial Statements (Contd.)

| Description | Expatriate Pension | |
|------------------------------------------------------------------------------------------------|--------------------|-----------|
| | Unfunded | |
| | 2013-2014 | 2012-2013 |
| | Rs. Lakhs | Rs. Lakhs |
| Changes in present value of defined benefit obligation during the year ended 31st March | | |
| Present value of obligation at the beginning of the year | 38.98 | 42.65 |
| Interest Cost | 1.78 | 1.81 |
| Current Service Cost | - | - |
| Benefits Paid | 35.95 | 39.98 |
| Actuarial loss/(gain) on obligation | 29.97 | 34.50 |
| Present Value of obligation at the end of the year | 34.78 | 38.98 |
| Amount recognised in Balance Sheet | | |
| Present Value of obligation at the end of the year | 34.78 | 38.98 |
| Fair Value of Plan Assets at the end of the year | - | - |
| Net Asset/(Liability) Recognised in Balance Sheet | (34.78) | (38.98) |
| Expense Recognised in Profit and Loss Statement | | |
| Current Service Cost | - | - |
| Interest Cost | 1.78 | 1.81 |
| Expected Return on Plan Assets | - | - |
| Actuarial loss/(gain) recognised in the year | 29.97 | 34.50 |
| Expense Recognised in Profit and Loss Statement | # 31.75 | # 36.31 |
| # included in Salaries and Wages (Note 25) | | |
| Principal Actuarial Assumptions | | |
| Discount Rate (%) | 8.50 | 8.00 |

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.

Effect of increase/decrease of one percent point in the assumed medical cost trend rates on:

Rs. Lakhs

| | Year ended 31st March 2014 | | Year ended 31st March 2013 | |
|-----------------------------------------------------------------|----------------------------|----------|----------------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Aggregate of Current Service Cost and Interest | 35.67 | 35.67 | 26.12 | 26.12 |
| Accumulated Post Employment Benefit obligation for Medical Cost | 435.50 | 426.37 | 420.47 | 410.78 |

Company's best estimate of contribution expected to be paid to the Funds in the next year

Rs. Lakhs

| | As at 31st March | |
|---------------------|------------------|---------|
| | 2014 | 2013 |
| Gratuity Fund | 1342.94 | 1165.77 |
| Superannuation Fund | 7.08 | - |
| Staff Pension Fund | 0.46 | 0.37 |



Notes to consolidated Financial Statements (Contd.)

Rs. Lakhs

| Other Particulars | 31st March | | | | |
|--------------------------------------------|------------------------|----------|----------|---------|-----------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | Gratuity Fund (Funded) | | | | |
| Defined Benefit Obligation | 12227.65 | 11757.12 | 10574.50 | 9579.29 | 8508.40 |
| Plan Assets | 13094.08 | 12031.58 | 10920.69 | 9773.53 | 7100.68 |
| Surplus/(Deficit) | 866.43 | 274.46 | 346.19 | 194.24 | (1407.72) |
| Experience Adjustments on Plan Liabilities | 784.62 | 535.36 | 939.06 | 499.79 | 235.67 |
| Experience Adjustments on Plan Assets | 110.76 | 231.30 | (52.88) | 57.67 | 306.47 |

| | Superannuation Fund (Funded) | | | | |
|--------------------------------------------|------------------------------|---------|---------|---------|---------|
| Defined Benefit Obligation | 1692.51 | 1849.76 | 1910.35 | 1879.33 | 2018.52 |
| Plan Assets | 2405.63 | 2365.74 | 2297.83 | 2209.49 | 2233.99 |
| Surplus/(Deficit) | 713.12 | 515.98 | 387.48 | 330.16 | 215.47 |
| Experience Adjustments on Plan Liabilities | (47.78) | (63.34) | (36.74) | (23.17) | (8.67) |
| Experience Adjustments on Plan Assets | 81.18 | 49.85 | (16.44) | (20.80) | 141.63 |

| | Staff Pension Fund Type A (Funded) | | | | |
|--------------------------------------------|------------------------------------|----------|----------|----------|----------|
| Defined Benefit Obligation | 403.31 | 436.91 | 396.96 | 441.38 | 407.45 |
| Plan Assets | 104.78 | 98.16 | 90.76 | 105.24 | 98.55 |
| Surplus/(Deficit) | (298.53) | (338.75) | (306.20) | (336.14) | (308.90) |
| Experience Adjustments on Plan Liabilities | (39.77) | (108.33) | (30.19) | 4.21 | 1.71 |
| Experience Adjustments on Plan Assets | (1.72) | 0.14 | (1.18) | 0.05 | 0.09 |

| | Staff Pension Fund Type B (Unfunded) | | | | |
|--------------------------------------------|--------------------------------------|----------|---------|---------|---------|
| Defined Benefit Obligation | 3318.27 | 3077.57 | 2803.16 | 2686.96 | 2537.87 |
| Plan Assets | NA | NA | NA | NA | NA |
| Surplus/(Deficit) | NA | NA | NA | NA | NA |
| Experience Adjustments on Plan Liabilities | (79.25) | (164.59) | (69.00) | 112.42 | 47.53 |
| Experience Adjustments on Plan Assets | NA | NA | NA | NA | NA |

| | Medical Benefit Liability (Unfunded) | | | | |
|--------------------------------------------|--------------------------------------|--------|---------|---------|--------|
| Defined Benefit Obligation | 430.50 | 419.65 | 326.50 | 282.73 | 289.88 |
| Plan Assets | NA | NA | NA | NA | NA |
| Surplus/(Deficit) | NA | NA | NA | NA | NA |
| Experience Adjustments on Plan Liabilities | 92.01 | 64.13 | (14.55) | (10.95) | (4.51) |
| Experience Adjustments on Plan Assets | NA | NA | NA | NA | NA |

| | Expatriate Pension (Unfunded) | | | | |
|--------------------------------------------|-------------------------------|-------|-------|-------|-------|
| Defined Benefit Obligation | 34.78 | 38.98 | 42.65 | 43.46 | 59.02 |
| Plan Assets | NA | NA | NA | NA | NA |
| Surplus/(Deficit) | NA | NA | NA | NA | NA |
| Experience Adjustments on Plan Liabilities | 30.78 | 25.88 | 28.80 | 5.59 | 7.52 |
| Experience Adjustments on Plan Assets | NA | NA | NA | NA | NA |

NA : Not Applicable

Notes to consolidated Financial Statements *(Contd.)*

(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 employees' 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.

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. 282.70 lakhs (31st March 2013 – Rs.284.90 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.

| | 2013-14 | 2012-13 |
|----------------------------------------|---------|---------|
| Principal Actuarial Assumptions | | |
| Discount Rate | 8.97% | 8.50% |
| Expected Return on Exempted Fund | 8.90% | 8.90% |
| Expected EPFO Return | 8.75% | 8.50% |

(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 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.

(i) **Gratuity Plan (Unfunded) in respect of MRME, 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.



Notes to consolidated Financial Statements (Contd.)

(j) Classification of Provision/Advance for Employee Benefits

| | Classified as Non-Current | | Classified as Current | |
|----------------------------------------|---------------------------|----------------|-----------------------|----------------|
| | As at 31st March | | As at 31st March | |
| | 2014 | 2013 | 2014 | 2013 |
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| Provision for Employee Benefits | | | | |
| - Staff Pension | 2350.75 | 2191.54 | 1266.05 | 1224.78 |
| - Medical Benefit | 366.66 | 357.45 | 63.84 | 62.20 |
| - Expatriate Pension | 30.46 | 35.13 | 4.32 | 3.85 |
| - Other Employee Benefits | 318.69 | 319.59 | 121.37 | 88.28 |
| | 3066.56 | 2903.71 | 1455.58 | 1379.11 |
| Advance for Employee Benefits | | | | |
| - Gratuity Fund | - | - | 866.43 | 274.46 |
| - Superannuation Fund | - | - | 713.12 | 515.98 |
| - Others | - | - | 4.70 | 4.51 |
| | - | - | 1584.25 | 794.95 |

32. Contingent Liabilities

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

| | 31st March 2014 | 31st March 2013 |
|------------------------|-----------------|-----------------|
| | Rs. Lakhs | Rs. Lakhs |
| Sales Tax | - | 52.14 |
| Electricity Dues | 45.17 | 29.27 |
| Provident Fund | 68.43 | 68.43 |
| Income Tax | 1272.57 | 150.10 |
| Service Tax | 70.13 | 70.13 |
| Disputed Labour Claims | 65.01 | 31.10 |
| Duty on Tea stock | 22.12 | 18.23 |
| Excise Duty | 10.75 | - |
| Others | 33.66 | 1.53 |

- b) Bank Guarantees – Rs.86.58 lakhs (31st March 2013 - Rs.117.58 lakhs)
c) Bills Discounted – Rs.8057.93 lakhs (31st March 2013 - Rs.9490.76 lakhs)

33. 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).

34. COMMITMENTS

- a) Estimated Capital Commitment on account of contracts remaining to be executed and not provided for at the year-end is Rs.1998.30 lakhs (31st March 2013 - Rs.3471.99 lakhs). Such commitment, net of advances, is Rs.1363.34 lakhs (31st March 2013 - Rs.1687.36 lakhs).
- b) The Parent Company has undertaken to continue to directly hold 100% of all the shares in the share capital of Borelli Tea Holdings Limited (BTHL) in connection with the Senior Term Loan facility of EURO 6.00 million obtained by BTHL from ICICI Bank UK PLC, Frankfurt.
- c) In connection with a Term Loan of Rs.5000.00 lakhs taken by McNally Bharat Engineering Company Limited (MBECL) from one of its Bankers, the Parent Company has furnished a Non-Disposal Undertaking in respect of its present and future holding of shares in MBECL to remain valid so long as any monies remain due by MBECL in respect of the said loan to the said bank.

Notes to consolidated Financial Statements *(Contd.)*

35. 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 2014 | 31st March 2013 |
|------------------------------------------------------------------------------------------------|------------------|------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Segment Revenue | | |
| India | 147357.22 | 137468.45 |
| Vietnam | 6728.80 | 6519.62 |
| Uganda | 19092.72 | 16325.83 |
| Rwanda | 4167.58 | 4333.74 |
| Other | 1529.39 | 2207.50 |
| Total | 178875.71 | 166855.14 |
| Segment Results (Profit before Interest and Tax) | | |
| India | @ 25076.58 | @ 27787.10 |
| Vietnam | 1021.26 | 728.34 |
| Uganda | 3784.71 | 4680.53 |
| Rwanda | 1534.29 | 2092.75 |
| Other | 3354.28 | 5087.51 |
| Total | 34771.12 | 40376.23 |
| Less : Finance Cost (net of Interest Income) | | |
| [Rs.3018.94 lakhs (31.03.2013 – Rs.2089.72 lakhs)] | 2960.89 | 3015.22 |
| Exceptional Items | 215.99 | 30.93 |
| Unallocable | 1864.21 | 4821.61 |
| Profit before Taxation, share of Earnings from Associates and Minority Interest | 29730.03 | 32508.47 |
| Less : Taxation Charge | | |
| Current Tax | 5534.56 | 6189.25 |
| Less : MAT Credit | (1087.53) | (1779.88) |
| Provision/(write back) relating to earlier years | (30.39) | (612.72) |
| Deferred Tax | (931.04) | 500.52 |
| Profit after Taxation but before share of Earning from Associates and Minority Interest | 26244.43 | 28211.30 |
| @ Refer Note 11 (e) on Consolidated Financial Statements | | |
| Segment Assets | | |
| India | 193833.50 | 182731.99 |
| Vietnam | 8714.07 | 5493.33 |
| Uganda | 20260.97 | 17954.90 |
| Rwanda | 5175.43 | 4895.00 |
| Other | 4003.82 | 26278.85 |
| | 231987.79 | 237354.07 |
| Unallocable | 56771.96 | 30348.59 |
| | 288759.75 | 267702.66 |



Notes to consolidated Financial Statements (Contd.)

| | 31st March 2014 | 31st March 2013 |
|----------------------------------------------------------------------------------------------------|------------------|------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Segment Liabilities | | |
| India | 73725.42 | 72960.36 |
| Vietnam | 214.05 | 4068.33 |
| Uganda | 2094.73 | 4452.65 |
| Rwanda | 222.95 | 1065.19 |
| Other | 258.90 | 8461.51 |
| | 76516.05 | 91008.04 |
| Unallocable * | 50954.90 | 31564.96 |
| | 127470.95 | 122573.00 |
| * Excluding Shareholders' Funds (other than Revaluation Reserve) and Minority Interest | | |
| Capital Expenditure relating to Segments | | |
| India | 11857.22 | 8630.68 |
| Vietnam | 2212.98 | 421.65 |
| Uganda | 2219.52 | 1528.47 |
| Rwanda | 669.87 | 569.21 |
| Other non-reportable | 188.32 | - |
| | 17147.91 | 11150.01 |
| Depreciation and Amortisation relating to Segments | | |
| India | * 2407.51 | * 2871.42 |
| Vietnam | 316.93 | 227.98 |
| Uganda | 722.67 | 658.18 |
| Rwanda | 256.01 | 89.20 |
| Other | 67.96 | 72.96 |
| | 3771.08 | 3919.74 |
| * Net of Reversal of Impairment Loss – Rs.1317.59 Lakhs (31.03.2013 – Rs.350.00 Lakhs) | | |
| Significant non-cash expenses other than Depreciation and Amortisation relating to Segments | - | - |

The Group does not have any Secondary Segment

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

I. Key Management Personnel (of the Parent Company)

| | |
|---------------------|--------------------------------|
| Managing Director | Mr. Aditya Khaitan (AK) |
| Wholetime Directors | Mr. Rajeev Takru (RT) |
| | Mr. Azam Monem (AM) |
| | Mr. Kamal Kishore Baheti (KKB) |

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

| | |
|------------------------------|-------------------------------|
| Mr. Brij Mohan Khaitan (BMK) | Father of Mr. Aditya Khaitan |
| Mr. Deepak Khaitan (DK) | Brother of Mr. Aditya Khaitan |

III. Others:

- Associates :
D1 Williamson Magor Bio Fuel Limited (D1)

Notes to consolidated Financial Statements (Contd.)

b) Transactions/Balances with Key Management Personnel

| | Remuneration | | Dividend paid | | Loan Outstanding as at | |
|--------------|---------------|---------------|---------------|-------------|------------------------|-----------------|
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 | 31st March 2014 | 31st March 2013 |
| | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs | Rs. Lakhs |
| AK | 344.19 | 278.58 | 0.51 | 0.43 | - | - |
| RT | 169.59 | 138.48 | 0.06 | 0.03 | 1.93 | 4.33 |
| AM | 168.58 | 138.73 | 0.04 | - | - | - |
| KKB | 167.84 | 137.69 | 0.36 | 0.31 | - | - |
| Total | 850.20 | 693.48 | 0.97 | 0.77 | 1.93 | 4.33 |

c) Transactions/Balances with relatives of Key Management Personnel

| | As at Year ended 31st March 2014 | As at Year ended 31st March 2013 |
|----------------------------|-------------------------------------|-------------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Directors' Sitting Fees | | |
| BMK | 1.20 | 0.60 |
| DK | 0.80 | 0.20 |
| Commission | | |
| BMK | 2.50 | 2.50 |
| DK | 2.50 | 2.50 |
| Dividend Paid | | |
| BMK | 2.54 | 2.18 |
| DK | 0.83 | 0.71 |
| Amount payable at year end | | |
| BMK | 2.50 | 2.50 |
| DK | 2.50 | 2.50 |

d) Transactions/Balances with Associate

| Name of Associate | Nature of Transactions/Balances | As at Year ended 31st March 2014 | As at Year ended 31st March 2013 |
|-------------------|---------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | | Rs. Lakhs | Rs. Lakhs |
| D1 | Balance of Investments at the year end | 334.35 | 484.35 |
| | [Net of provision for diminution in value of investments Rs.2000.00 lakhs (31.03.2013 – Rs.1700.00 lakhs)] | | |

37. 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 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 deposited Rs.700.00 lakhs during the year 2011-12 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.



Notes to consolidated Financial Statements (Contd.)

38. Earnings per Equity Share :

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|---------------------------------------------------------|-------------------------------|-------------------------------|
| a] Numerator used: | | |
| Profit after Taxation and Minority Interest (Rs. Lakhs) | 25715.25 | 27393.03 |
| 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. | 23.49 | 25.03 |

39. Revenue Expenditure on Research and Development Rs.109.49 lakhs (31st March 2013 - Rs.110.43 lakhs) represent subscription to Tea Research Association.

40. Adjustment on account of dividend comprises :

(a) Dividend paid during the year 2013-14 by the Parent Company on Equity Share held by its subsidiary Rs.1894.73 lakhs (2012-13 – Rs.1624.05 lakhs); and

(b) Dividend paid during the year 2013-14 by the subsidiary to the Parent Company Rs.983.39 lakhs (2012-13 – Rs. Nil)

41. Lease Commitments:

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

During the year 2012-13, a tea-manufacturing factory has been taken on non-cancellable operating lease by parent company for the period from 1st January 2013 to 31st December 2017.

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

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|----------------------------------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Lease Rent | 93.78 | 25.66 |
| The future minimum lease commitment of the Group is as under : | | |
| Not later than one year | 96.73 | 86.18 |
| Later than one year and not later than five years | 293.92 | 281.25 |
| Later than five years | 544.48 | - |

42. 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 2014 | Year ended 31st March 2013 |
|-------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Income and Expenditure | | |
| Depreciation/Amortisation | 1363.57 | 1048.32 |

Notes to consolidated Financial Statements (Contd.)

| | As at 31st March 2014 | As at 31st March 2013 |
|--------------------------------|--------------------------|--------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Assets and Liabilities | | |
| Inventories | 4953.15 | 4531.65 |
| Accumulated Depreciation | 14645.22 | 12025.19 |
| Provision for Employee Benefit | | |
| - Long term | 5.89 | 50.50 |
| - Short term | 4.09 | - |

43. D1, an Associate, applies 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.

44. Exceptional Item comprises

| | Year ended 31st March 2014 | Year ended 31st March 2013 |
|-------------------------------------------|-------------------------------|-------------------------------|
| | Rs. Lakhs | Rs. Lakhs |
| Provision in carrying amount of long term | | |
| Investments in : | | |
| An associate | 179.76 | (2.51) |
| Body Corporates | 36.23 | 33.44 |
| | 215.99 | 30.93 |

45. There are certain overdue loans and advances, interest accrued on loans and other recoverable items aggregating Rs.4351.42 lakhs and as a measure of prudence and in the management's best judgement, the same amount was also held in provision for contingency as on 31st March 2013. After continued persuasion for recovery of aforesaid dues, the management has considered that possibility of recovery is doubtful and accordingly, the said contingency provision has been made as specific provision to the extent of respective overdue balances as on 31st March, 2014.

46. Derivative Investments and Unhedged Foreign Currency Exposure of the Parent Company

a) Derivatives outstanding as at the reporting date:-

| Particulars | Purpose | Currency | As at 31st March 2014 | | As at 31st March 2013 | |
|------------------------------------------|--------------------------------------------|----------|----------------------------------|------------------------|----------------------------------|------------------------|
| | | | Amount in Foreign Currency | Amount in Rs. Lakhs | Amount in Foreign Currency | Amount in Rs. Lakhs |
| Forward contracts on past performance | Hedging of foreign currency receivables | USD | 27000000 | 16178.40 | 28000000 | 15201.20 |
| | | GBP | 4000000 | 3991.20 | 2000000 | 1085.80 |
| Currency and Interest Rate Swap | Hedging of floating interest rate | USD | 3719530 | 2228.74 | 7439062 | 4038.67 |



Notes to consolidated Financial Statements (Contd.)

b) Particulars of unhedged foreign currency exposures as at the reporting date.

| Particulars | Currency | As at 31st March 2014 | | As at 31st March 2013 | |
|-------------------------|----------|----------------------------|---------------------|----------------------------|---------------------|
| | | Amount in Foreign Currency | Amount in Rs. Lakhs | Amount in Foreign Currency | Amount in Rs. Lakhs |
| Trade/Other Receivables | USD | 120210 | 72.03 | 333235 | 180.88 |

| | 2013-14 | 2012-13 |
|---------------------------------------|-----------|-----------|
| | Rs. Lakhs | Rs. Lakhs |
| c) Mark to Market Losses Provided for | 610.75 | 802.67 |

47. Previous year figures have been reclassified to conform to this year's classification.

Signatures to Notes 1 to 47.

For **PRICE WATERHOUSE**

Firm Registration Number 301112E

Chartered Accountants

For and on behalf of the Board of Directors

Prabal Kr. Sarkar

Partner

Membership Number 52340

Kolkata, 23rd May, 2014

A. Guha Sarkar

Company Secretary

A. Khaitan

Managing Director

K. K. Baheti

Wholetime Director & CFO

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 | Gisovu Tea Company Limited | McLeod Russel Africa Limited | McLeod Russel Middle East DMCC |
|--------------------------------------------------------|------------------------------|-----------------------------|----------------------------------|------------------------------|----------------------------|------------------------------|--------------------------------|
| Reporting Currency | British Pound (GBP) | Vietnamese Dong (VND) | Uganda Shillings (Ushs) | Uganda Shillings (Ushs) | Rwandan Franc (RWF) | Kenya Shillings (KSHs) | US Dollars (USD) |
| Financial Year ends on | 31st March | 31st December | 31st December | 31st December | 31st December | 31st December | 31st December |
| Exchange Rate as on 31.03.2014 | 99.77000 | 0.00281 | 0.02324 | 0.02324 | 0.08683 | 0.68084 | 60.10241 |
| | Rs. in Lakhs* | Rs. in Lakhs* | Rs. in Lakhs* | Rs. in Lakhs* | Rs. in Lakhs* | Rs. in Lakhs* | Rs. in Lakhs* |
| * Capital | 361.17 | 5252.82 | 7962.13 | 9676.58 | 1843.58 | 0.68 | 32.76 |
| * Reserves and Surplus | 25825.41 | (125.81) | 1396.62 | 12626.59 | 2778.86 | (28.32) | (365.04) |
| * Total Assets | 33955.62 | 8737.69 | 9358.75 | 28106.31 | 5284.39 | 66.38 | 1170.64 |
| * Total Liabilities(including Shareholders' Fund) | 33955.62 | 8737.69 | 9358.75 | 28106.31 | 5284.39 | 66.38 | 1170.64 |
| * Non Current Investments | 26358.11 | - | 9358.75 | - | - | - | - |
| * Turnover | 913.28 | 6583.22 | - | 19427.28 | 4138.83 | - | 1408.59 |
| * Profit before Taxation | 6230.40 | 709.19 | 2556.83 | 4680.75 | 1389.33 | (40.00) | (157.83) |
| * Provision for Taxation | 705.78 | 69.58 | - | 1341.78 | 407.87 | (11.68) | - |
| * Profit after Taxation | 5524.62 | 639.61 | 2556.83 | 3338.97 | 981.46 | (28.32) | (157.83) |
| * Dividend (Interim/Proposed and provided in Accounts) | ## | - | 2556.83 | 2556.83 | 325.60 | - | - |
| Country | United Kingdom | Vietnam | Uganda | Uganda | Rwanda | Africa | Dubai |

The Board of Directors of Borelli Tea Holdings Ltd. has recommended a dividend of GBP 3 per share.

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 (Hectare) | Saleable Production for 2013-14 (Kgs.) |
|------------|----------------------|--------------------------|----------------------------------------|
| Bishnauth | Dekorai | 869.24 | 2105772 |
| | Mijicajan | 959.27 | 1987283 |
| | Monabarie | 1129.23 | 2775581 |
| | Pertabghur | 808.33 | 1876605 |
| Dhunseri | Behora | 698.77 | 1292002 |
| | Bukhial | 578.16 | 1032472 |
| Doom Dooma | Baghjan | 589.37 | 1771771 |
| | Bordubi | 906.42 | 2147458 |
| | Koomsong | 708.97 | 1821433 |
| | Phillobari | 400.26 | 1179840 |
| | Beesakopie/Diamukhia | 1253.92 | 1808428 |
| | Samdang | 925.97 | 1781130 |
| | Raidang | 975.70 | 2484305 |



Particulars of Tea Estates (Contd.)

Area Under Tea

| Locations | Estates | Area Under Tea (Hectare) | Saleable Production for 2013-14 (Kgs.) |
|------------|--------------------|--------------------------|----------------------------------------|
| East Boroì | Bargang | 1005.88 | 2695827 |
| | Behali | 580.50 | 2234525 |
| | Boroì | 390.63 | 1276319 |
| | Dufflaghur | 691.23 | 1941696 |
| | Halem | 595.91 | 2143577 |
| | Nya Gogra | 658.36 | 1756729 |
| Jorhat | Hunwal | 901.63 | 2217076 |
| Mangaldai | Attareekhath | 537.93 | 2143544 |
| | Bhooteachang | 570.58 | 1243649 |
| | Borengajuli | 626.60 | 2216834 |
| | Corramore | 479.13 | 2151549 |
| | Dimakusi | 434.39 | 1661997 |
| | Paneery | 409.63 | 1054452 |
| Margherita | Bogapani | 834.03 | 2502048 |
| | Dehing | 498.73 | 1876324 |
| | Dirok | 788.99 | 2564507 |
| | Margherita | 607.93 | 1723978 |
| | Namdang | 748.56 | 2017685 |
| Moran | Attabarie | 385.28 | 836432 |
| | Dirai | 679.58 | 2087851 |
| | Lepetkatta | 431.42 | 1085286 |
| | Moran | 619.08 | 1467073 |
| | Rajmai | 483.31 | 1562546 |
| | Sepon | 607.39 | 1811164 |
| Thakurbari | Addabarie | 676.93 | 1783138 |
| | Harchurah | 453.54 | 1702098 |
| | Phulbari | 833.38 | 1623389 |
| | Rupajuli | 357.89 | 885670 |
| | Tarajulie | 481.26 | 963793 |
| | Tezpore & Gogra | 507.36 | 1271627 |
| Tingri | Dirial | 570.63 | 1972577 |
| | Itakhooli | 397.47 | 928972 |
| | Keyhung | 613.05 | 1472473 |
| | Mahakali | 566.26 | 1026385 |
| Dooars | Bhatpara | 589.70 | 710007 |
| | Central Dooars | 752.31 | 1111173 |
| | Chuapara | 652.34 | 1179778 |
| | Jainti/Chuniajhora | 613.54 | 1075029 |
| | Mathura | 664.40 | 1065162 |
| | | 34100.37 | 87108019 |

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

Notes



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