

Refreshing Growth of a Reliable Corporate



HARRISONS MALAYALAM LIMITED

Annual Report 2011 - 2012



Dr. R P Goenka
(Chairman Emeritus)

Board of Directors

Sanjiv Goenka
(Chairman)

Haigreve Khaitan
P K Chowdhary
G Momen
Umang Kanoria
Ajit Singh Chouhan
Ashok Goyal

Manager

V. Venugopal

Company Secretary & General Manager - Finance & Treasury

Ravi A

Registered Office

24/1624, Bristow Road
Willingdon Island
Cochin - 682 003
Phone: 0484 2668023 (Extn. 362)
E-mail: hmlcorp@harrisonsmalayalam.com
Website: www.harrisonsmalayalam.com

Activities

Plantations - Tea, Rubber, Fruits, Spices & other Crops
Structural, Civil, Mechanical and Electrical Engineering
Trading & Exports in Tea and Rubber

Auditors

Price Waterhouse
Chartered Accountants
32, Khader Nawaz Khan Road
Nungambakkam
Chennai - 600 006

Bankers

ICICI Bank
IDBI Bank
State Bank of Hyderabad
National Bank for Agriculture & Rural Development
State Bank of India
State Bank of Travancore

Legal Advisors

Menon & Pai
Advocates
I.S. Press Road
Cochin - 682 018

Registrar & Share Transfer Agent

M/s. Link Intime India Pvt. Ltd.
Surya, 35, Mayflower Avenue
Behind Senthil Nagar
Sowripalayam Road
Coimbatore - 641 028
Tel. No.: 0422-2314792
E-mail: coimbatore@linkintime.co.in

Financial Performance 10 year track record

Rs. Crore

	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12
Profit & Loss Account										
Total Income	124.29	139.10	147.22	151.39	208.56	209.14	292.58	350.66	366.55	368.91
Personnel cost	61.68	62.44	60.51	62.66	65.69	70.01	89.33	103.14	107.15	111.41
Raw materials & Purchases	7.16	7.46	7.33	13.41	50.95	52.69	92.62	126.45	115.94	93.83
Power & Fuel	8.81	9.57	9.55	10.51	11.20	11.05	14.12	12.43	14.91	16.60
Cultivation & Other Operating Expenses	33.59	32.31	35.48	38.35	41.33	42.74	58.10	68.71	94.75	103.88
Depreciation	3.37	3.00	2.69	3.04	2.97	3.00	3.42	4.40	6.11	6.49
	114.61	114.78	115.56	127.97	172.14	179.49	257.59	315.13	338.86	332.21
Selling Expenses	8.72	8.67	9.01	8.66	10.47	12.09	15.61	10.62	10.62	9.37
Cost of Sales	123.33	123.45	124.57	136.63	182.61	191.58	273.20	325.75	349.48	341.58
PBIT @	0.96	15.65	22.65	14.76	25.95	17.56	19.38	24.91	17.07	27.33
PBT @	(8.79)	5.23	15.77	5.31	15.06	6.99	8.01	12.36	5.26	10.46
Earnings per Share of Rs 10/-		Rs 2.83	Rs 8.12	Rs 2.50	Rs 7.65	Rs 3.35	Rs 3.27	Rs 5.37	Rs 2.14	Rs 2.55
Dividend per Share of Rs 10/-			Rs 1.00	Rs 1.00	Rs 1.50	Rs 1.50	Rs 1.50	Rs 2.00	Rs 1.50	Rs 1.50
Balance Sheet										
Fixed Assets	209.07	206.06	203.47	184.11	182.44	181.92	183.33	421.58	425.52	426.67
Investments	49.81	49.81	49.59	12.11	12.10	12.10	12.10	0.01	0.01	0.21
Net Current Assets	23.76	20.15	40.92	203.23	194.68	196.97	205.03	(0.54)	5.23	(6.65)
Misc. Exps to the extent not written off	0.60	0.40								
	283.24	276.42	293.98	399.45	389.22	390.99	400.46	421.05	430.76	420.23
Share Capital	18.45	18.45	18.45	18.45	18.45	18.45	18.45	18.45	18.45	18.45
Reserves & Surplus	184.97	190.20	226.76	283.24	294.11	287.05	289.85	298.31	299.03	300.53
Loan Funds	79.82	67.77	48.77	97.76	76.66	85.49	92.16	104.29	113.28	101.25
	283.24	276.42	293.98	399.45	389.22	390.99	400.46	421.05	430.76	420.23

@ Before Exceptional / Extra ordinary Items



NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Company will be held at 10.00 A.M on Thursday, September 27, 2012 at Durbar Hall, Casino Hotel, Willingdon Island, Cochin – 682 003, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012, the Profit & Loss Account for the year ended on that date and the Report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Paras K. Chowdhary who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. Golam Momen who retires by rotation and is eligible for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification, the following resolution as an ordinary resolution.
“RESOLVED THAT Mr. Ashok Bachan Goyal who was appointed as an Additional Director of the Company with effect from 20.09.2011 and who holds office up to the conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director and who is eligible for appointment, be and is hereby appointed as a Director of the Company liable to retirement by rotation.”
7. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution.
“RESOLVED THAT pursuant to the provisions of Sections 269,387,388 and other applicable provisions, if any, of the Companies Act, 1956, including any modifications or re-enactments thereof (the Act), the Company hereby approves and confirms the appointment of Mr.V.Venugopal as Manager of the Company for a period of 3 years commencing from August 14, 2012 on the remuneration and perquisites as set out in the Explanatory Statement and subject to the terms and conditions in the agreement proposed to be entered into between the Company and Mr.V.Venugopal.”
“RESOLVED FURTHER THAT Mr.V.Venugopal be paid remuneration and perquisites within the limits laid down in Clause(B) of Section II of Part II of Schedule XIII of the Companies Act, 1956 and which has been set out in the Explanatory Statement, for a period of 3 years from August 14, 2012 to August 13, 2015.”
“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board be and is hereby authorized to do all acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper or desirable and to settle any questions or doubts that may arise in this regard.”

By Order of the Board

Ravi A.
Company Secretary

August 14, 2012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. Proxies in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
4. Pursuant to Clause 49 of the Listing Agreement, particulars of Directors seeking appointment / re-appointment at this meeting are annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from September 15, 2012 to September 27, 2012 (both days inclusive)

6. Members are requested to:
 - i) Note that as a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue, as entry to the Hall will be on the basis of the entry slip.
7. The dividend recommended by the Directors, if approved by the Members, will be paid on or before October 26, 2012 to those members whose names appear in the Company's Register of Members, or, who are notified as beneficiaries by the Depositories viz., National Securities Depository Limited and Central Depository Services (India) Limited at the close of business on September 14, 2012.
8. Members holding shares in electronic form are hereby informed that the Company or its Registrar and Share Transfer Agent cannot act on any request received directly from them in respect of change of address or bank mandates. Such requests for changes are to be communicated to their Depository Participant who shall make the necessary change.
9. Members holding shares in physical form are requested to notify the change, if any, in their address or bank mandate to the Company's Registrar and Share Transfer Agent M/s. Link Intime India Pvt. Ltd., Surya 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028. Phone: 0422-2314792. Email id: coimbatore@linkintime.co.in
10. Members who have not encashed their dividend warrant for the previous years, may approach the Company or the Registrar and Share Transfer Agent and submit their claim for the said dividend. The amount of dividend remaining unclaimed for a period of seven (7) years shall be transferred to the Investor Education and Protection Fund as per the provisions of Section 205C of the Companies Act, 1956. It may also be noted that once the unclaimed dividend is transferred to the Fund, no claim shall lie in respect thereof.

Explanatory Statement **(Pursuant to Section 173(2) of the Companies Act, 1956)**

Item No.6

Mr. Ashok Bachan Goyal was appointed as an Additional Director of the Company with effect from 20.09.2011, pursuant to the provisions of Article 93 of the Articles of Association of the Company and in terms of the provisions of Section 260 of the Companies Act, 1956. He vacates his office at the ensuing Annual General Meeting. Pursuant to Section 257 of the Act, the Company has received a notice in writing from a member signifying his intention to propose the appointment of Mr. Ashok Bachan Goyal as a Director of the Company at the ensuing Annual General Meeting.

Your Directors believe that continued association of Mr. Ashok Bachan Goyal would be immensely beneficial to the Company and accordingly recommend the resolution for the approval of the members.

Profile of Mr. Ashok Goyal

Mr. Ashok Bachan Goyal is a Mechanical Engineer from IIT, Kharagpur and MBA (Finance) from IIM, Kolkata. He has over 30 years of multi domain and cross industry experience across the globe. His previous stints within the Group were as President (International Operations) in KEC International Ltd., General Manager in Harrisons Malayalam Ltd and Dy. Purchase Manager in CEAT.

Mr. Goyal is currently the Managing Director of Philips Carbon Black Limited (PCBL), the largest Carbon Black Company in India with revenue of over Rs.2000 crores. He is also the President of the Carbon Black sector.

Except Mr. Ashok Bachan Goyal no other Director is concerned or interested in the resolution.

Item No.7

Mr.V.Venugopal, who is the Vice President-Legal of the Company was appointed as Manager of the Company for a period of 3 years from August 14, 2012, by the Board of Directors at their Meeting held on August 14, 2012. The appointment is within the meaning of Section 269 read with Sections 387, 388 and other applicable provisions if any of the Companies Act, 1956 and subject to the approval of the shareholders in the general meeting. The remuneration payable to Mr.V.Venugopal approved by the Remuneration Committee for a period of 3 years from August 14, 2012 to August 13, 2015 is as set out below.

The principal terms of the appointment and remuneration are as follows:

1. **Period:** 3 years from August 14, 2012 to August 13, 2015.
2. **Salary:**
 - a) Salary & Allowances Not exceeding Rs. 36,00,000 per annum
 - b) Performance Bonus Not exceeding Rs. 6,00,000 per annum as may be decided by the Board of Directors based on performance.



3. Perquisites:

- i) House rent allowance:- Not exceeding Rs. 3,00,000 per annum.
- ii) Medical Expenses incurred by Mr.V.Venugopal for self and family shall be reimbursed by the company subject to a limit of Rs. 15,000 per annum.
- iii) Leave travel concession for self and family will be allowed once in a year as per rules of the Company subject to a maximum limit of Rs.1,00,000 per annum.
- iv) Personal Accident Insurance:- Up to Rs. 15,000 per annum.
- v) Provision of car with driver and Telephone at residence for use of Company's Business will not be considered as perquisites. Personal long distance calls and use of car for private purposes shall however be billed by the Company to Mr.V.Venugopal.

4. In addition to the above, the Manager shall be eligible for the following perquisites, the value of which shall not be considered for computation of the aggregate remuneration.

- 1) Company contribution to Provident Fund, Superannuation or Annuity Fund.
- 2) Gratuity as per Company rules.
- 3) Encashment of unavailed leave at the end of the tenure as per Company policy.

INFORMATION REQUIRED TO BE DISCLOSED IN TERMS OF SCHEDULE XIII OF THE COMPANIES ACT, 1956.

I GENERAL INFORMATION

- (i) Nature of Industry : Plantation Industry (Tea & Rubber)
- (ii) Date or expected date of commencement of commercial production
It is an established Company. Certificate of Commencement of Business was issued by the Registrar of Companies, Kerala on June 14, 1978.
- (iii) In case of new companies, expected date of commencement of activities as per Project approved by financial institution appearing in the prospectus.
Not applicable
- (iv) Financial Performance:

Rs.Crore

Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Sales	202.14	287.39	341.52	357.58	359.02
Other income	6.99	5.19	9.14	8.97	3.92
Operating Profit	20.56	22.80	29.30	23.17	33.83
Interest	10.57	11.37	12.54	11.81	16.88
PBDT	9.99	11.43	16.76	11.36	16.95
Profit Before Tax	6.98	8.01	12.36	5.25	10.46
Exceptional Items	-	-	-	-	-
Profit before tax (including exceptional items)	6.98	8.01	12.36	5.25	10.46
Profit After Tax	6.17	6.04	9.91	3.94	4.71
Amount of Equity	18.45	18.45	18.45	18.45	18.45
Dividend	2.76	2.76	3.69	2.76	2.76
Rate of Dividend	15%	15%	20%	15%	15%

(v) Export performance and net Foreign Exchange contributions

Rs. Crore

Financial Year	Export turnover	Net Foreign Exchange contribution
2007-2008	28.62	27.39
2008-2009	28.41	27.02
2009-2010	27.40	24.87
2010-2011	22.51	20.37
2011-2012	34.28	32.23

(vi) Foreign investments or collaborators, if any.

During the financial years 2007-08 to 2011-12 the Company did not have any fresh foreign investments or collaboration.

II INFORMATION ABOUT Mr. V.VENUGOPAL

Mr. V. Venugopal who is the Vice President Legal has been with Harrisons Malayalam Limited since 1984. He graduated in Science and obtained a degree in law thereafter. He has a rich experience in legal matters and is considered an expert in land laws, especially those relating to Kerala / Tamil Nadu and is experienced in handling land / corporate legal matters and related litigations. He has been with the Company for over 28 years and is well acquainted with the plantation operations.

Prior to joining the Company, Mr. Venugopal was a practicing lawyer in the lower Courts at Cochin and the High Court of Kerala for over four years. He has also been the Legal Advisor of prominent bodies in Plantation business and has been a member in various committees of these organizations.

Past Remuneration

Rs.lacs

Salary & Allowances	Perquisites	Contribution to PF & Other Funds	Total
27.58	0.45	3.71	31.74

Recognition or Awards Nil

Remuneration proposed

As given in the Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Size and Nature of Industry

The Company's core business is Plantations in Tea and Rubber. It is the single largest producer of Natural Rubber in India and second largest Tea Plantation in South India. The Company owns 24 Estates in Kerala and Tamil Nadu put together and has a labour strength of approximately 12000.

The Company has a paid up capital of Rs.18.45 crores and is listed in the Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and Cochin Stock Exchange Ltd. with approximately 34000 Shareholders.

Given the size, complexity and nature of business, the remuneration proposed to be paid to the Manager is in line with other similar companies.

Pecuniary Relationship

The Company had not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the Company.



III OTHER INFORMATION

Reasons for inadequate profit

The Company incurred losses continuously for a period of four years from 1999-2000 to 2002-2003 due to drop in prices of both tea and rubber coupled with higher wage levels and escalating input costs. The Company has been making profits since 2003-04 still leaving a deficit while computing managerial remuneration as per Section 349 & 350 of the Companies Act, 1956.

Steps taken or proposed to be taken for improvement

The Company has, over a period of time made substantial improvement in labour productivity through incentive schemes and better agricultural practices. The Company has initiated steps to modernize its factories and embarked on an Accelerated Replanting & Infilling Programme to improve productivity of land.

Expected improvement in productivity and profits

The Company has been making profits consistently from 2003-04 onwards and the trend is likely to continue in view of the initiatives taken by the Company for increasing the land and labour productivity.

The terms and conditions mentioned in Item No.7 of the Notice may also be taken as an abstract of the Agreement proposed to be entered into between the Company and Mr. V. Venugopal, pursuant to Section 302 of the Companies Act, 1956.

None of the Directors of the Company is concerned or interested in the resolution mentioned in item No.7 of the Notice.

Your Directors recommend the Resolution for approval.

By Order of the Board

Ravi A.

Company Secretary

August 14, 2012

Important Communication - Support Green Initiative

The Ministry of Corporate Affairs, New Delhi ('MCA') has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies vide its Circular No.17/2011 dated 21st April, 2011 and Circular No.18/2011 dated April 29, 2011 and clarified that the service of documents by a Company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders.

Keeping in view the underlying theme and the circulars issued by MCA, we propose to send henceforth all communications/documents including the Notice calling the Annual General Meeting, audited financial statements, directors' report, auditor's report etc. via electronic mode. In connection with the same, we request you to provide your latest/updated email address on which future communication/correspondence/documents can be sent to you.

Shareholders holding shares in demat mode, are requested to register their e-mail id with the concerned Depository Participant. The Shareholders holding shares in physical mode are requested to register their email id with Link Intime India Private Limited (Registrar and Share Transfer Agents of the Company by sending a request letter duly signed by the first/sole shareholder.

We are sure you would appreciate the "Green Initiative" taken by MCA and your Company's desire to participate in such initiatives.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report and Audited Accounts of the Company for the financial year ended March 31, 2012.

Financial Highlights

Rs. in lacs

Year ended	31.03.2012	31.03.2011
Profit before Tax	1045.55	524.93
Profit after Tax	471.37	394.93
Surplus brought forward from previous year	8982.60	8930.23
Profit available for appropriation	9453.97	9325.16
Appropriations		
General Reserve	23.57	19.75
Proposed Dividend	276.83	276.83
Dividend Tax	44.92	45.98
Balance carried forward	9108.65	8982.60

Dividend

Your Directors are pleased to recommend for approval of shareholders a dividend of 15 % (Rs.1.50 per equity share of Rs 10 each).

Composite Scheme of Arrangement and Amalgamation

The Board of Directors at their meeting held on February 10, 2012 approved the Composite Scheme of Arrangement in accordance with the Provisions of Section 391 to 394 read with Sections 78, 100 to 103 of the Companies Act, 1956.

The Scheme provides for the demerger and vesting of Venture, Isfield, Koney, Lahai, Kaliyar and Palapilly rubber estates and Achoor, Chundale, Sentinel Rock, Touramulla, Arrapetta, Mayfield and Upper Surianallie tea estates, of the Company into Harmony Plantations Limited (HPL) either directly or indirectly with effect from April 1, 2012.

The Scheme is subject to the consent or approval of the requisite majority of the shareholders, Creditors, the Hon'ble High Court of Kerala at Ernakulam and other statutory or regulatory authorities, which by law may be necessary for implementation of the Scheme.

Pursuant to the sanction of the Scheme, shareholders of the Company will be entitled to shares in HPL in the same proportion as their current shareholding in the Company. For every 1 (one) fully paid up equity share of Rs 10 each held by shareholders in the Company, 1 (one) equity share of Rs 7 each will be issued and allotted in HPL. The shares of HPL would be listed in the Bombay Stock Exchange, National Stock Exchange of India and also Cochin Stock Exchange.

Performance

The Company achieved a turnover of Rs 36,891.40 lakhs for the financial year under review (Previous year Rs.37,332.58 lakhs). Rubber prices (RSS IV) fluctuated widely between a high of Rs.243 and a low of Rs.184 during FY 2011-12. The average RSS IV price for the industry was Rs.207.83 which is higher by Rs.17.48 as compared to the previous year on a per kilo basis. The average HML Rubber price was Rs.213.83 as against Rs.206.11 of the previous year. Tea industry experienced buoyancy after a long time. During the year, the auction averages registered an upward movement. HML Tea prices in Auction at Rs.77.95 per kilo were higher than Rs.71.10 per kilo of last year. The average price realisation for Tea was Rs.75.96 per kilo (previous year Rs.71.14). Your Company has made substantial progress in Bought Operations in Tea & Rubber which has contributed in improving the capacity utilisation of the factories. This has resulted in higher turnover and improved profitability. Your Company's efforts in improving labour productivity through incentive schemes and reorganised work continued to yield positive results. Your company made substantial investments in bringing larger areas under replanting in Rubber and infilling in Tea. Also, substantial improvements were made in upgrading the Tea and Rubber factories resulting in lowering costs and improving product quality. We believe these investments would give us long term benefits.

Subsidiaries

As at March 31, 2012 the Company had three wholly owned subsidiary companies namely HML Engineering Company Limited, Enchanting Plantations Limited (EPL) and Harmony Plantations Limited (HPL). EPL and HPL were incorporated during February 2012. As the first financial year of these two Companies would end at March 31, 2013, the accounts of these two companies have not been considered in the consolidation of the financial statements.

In accordance with the general exemption granted by Ministry of Corporate Affairs under Section 212(8) of the Companies Act, 1956, the accounts of HML Engineering Company Limited for the year 2011-12 and the related detailed information will be made available to shareholders seeking such information which are not attached. The consolidated financial statements for the year 2011-12 forms part of the Annual Report and Accounts.



During July 2012, consent of members through Postal Ballot was obtained for transfer of the Projects Division of the Company to HML Engineering Company Limited.

Corporate Social Responsibility

The philosophy of the Company towards fair governance going hand in hand with social responsibility is deeply embedded in its day to day working. Over the years, the Company has successfully formulated a methodology aimed at improving the environment which surrounds the units of the Company and thereby enriching the society. The Company has continued and improved upon already commendable standards of medical care for families and its employees as also the population residing around its estates.

Your Company in a small way has also established an organization which is providing service in the form of education and health care for mentally challenged children.

The Plantations of your Company have schools of varying capacities both in terms of numbers and quality. Your Company also gives importance to the preservation of the natural habitants of the plantations and engages in self-development programs and initiatives to preserve the bio diversities in surrounding areas. Your company also has a commendable soil preservation and water management programme.

Directors

In accordance with the provisions of Articles of Association of the Company Mr. P. K. Chowdhary and Mr. Golam Momen will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Since the last Report, Mr. Ashok Bachan Goyal was appointed as an Additional Director with effect from September 20, 2011 in terms of Article 93 of the Articles of Association of the Company, read with Section 260 of the Companies Act, 1956. Mr. Goyal holds office up to the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice in writing, pursuant to Section 257 of the Companies Act, 1956, from a member signifying his intention to propose Mr. Goyal for appointment to the Office of Director at the ensuing Annual General Meeting. Accordingly under special business an Ordinary Resolution is being placed before the shareholders for approval.

Mr. Pankaj Kapoor, Managing Director of the Company resigned from the services of the Company with effect from June 30, 2012. The Board of Directors places on record its appreciation of the valuable contribution and guidance provided by Mr. Pankaj Kapoor during his tenure as Managing Director of the Company.

Corporate Governance

The Company has complied with the mandatory provisions of Corporate Governance as prescribed under the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is given in Annexure to the Annual Report

Auditors

The Auditors Messrs Price Waterhouse, Chartered Accountants, Chennai retire at the forthcoming Annual General Meeting, and being eligible offer themselves for reappointment.

Cost Audit

For the year under review Messrs Shome & Banerjee, Cost Accountants were appointed as Cost Auditors of the Company for conducting Cost Audit for the financial year ended March 31, 2012. The Central Government has duly approved their appointment.

Cost Audit Report for the financial year ended March 31, 2011 has been filed with the Central Government on October 25, 2011.

Other Information

The Audit Committee of the Company reviewed the audited financial statements for the year under review at its meeting held on August 14, 2012 and recommended the same for approval of the Board of Directors.

Information regarding Conservation of Energy etc.

Information required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, forms part of this Report.

Export & Foreign Exchange Outgo

Details of foreign exchange earnings and outgo are set out in note nos. 32 to 35 of the Notes on Accounts.

Employee Relation

The Company has a large work force employed in its Tea and Rubber plantations. The welfare and well being of the workers are monitored closely and harmonious relations are being maintained. Industrial relations remained cordial throughout the year.

The Board of Directors places on record its appreciation for the dedicated services rendered by the Executives, Staff and Workers at all levels and for the smooth functioning of all estates. The policy of transparency and recognition inspired the employees to contribute their best to the Company.

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, is annexed.

Fixed Deposits

The Company does not have any Fixed Deposit scheme and has repaid all Fixed Deposits that matured and were claimed by the depositors under the earlier Fixed Deposit Scheme. Matured unclaimed deposits as on March 31, 2012 amounted to Rs.1,73,000. Apart from matured unclaimed deposits no amount is outstanding as on March 31, 2012. Reminders have been sent to these depositors at their latest known address.

Prospects

Plantation business is largely influenced by external factors like weather and volatility of primary markets. Your company continues to be a strong player in the South Indian Plantation Industry and hopes to grow its operations through processing purchased raw material and trading in both tea and rubber. The efforts to improve labour productivity should to some extent alleviate escalating labour cost - a major concern for all Plantations.

Realisations for both tea and rubber are expected to improve further in view of the Company's focus on product quality, coupled with encouraging market outlook for tea and rubber prices in the next twelve months. Financial Year 2012-13 is expected to be significantly better in terms of performance, as initiatives started earlier should start making positive contribution.

Directors' Responsibility Statement

The Directors confirm having:

1. in the preparation of annual accounts for the financial year ended March 31, 2012, the applicable Accounting Standards have been followed, along with proper explanation relating to the material departures;
2. selected such accounting policies and have 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 and loss of the Company for that period;
3. taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
4. prepared the annual accounts on a going concern basis.

Acknowledgements

Your Directors take this opportunity to thank the Central and State Governments, the Financial Institutions, Banks, Investors, Suppliers, Business Associates, Shareholders and all Customers who continue to repose their trust in the Company.

On behalf of the Board of Directors

Kolkata
August 14, 2012

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Annexure to the Directors' Report Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012.

Name	Age	Designation	Qualification & Experience (in years)	Gross remuneration (Rs.)	Date of Commencement of Employment	Last Employment
Mr. Pankaj Kapoor	49	Managing Director	M.Sc., (Agri Economics) PG Diploma in Management from IIM, Ahmedabad (24)	93,09,884	24-04-2008	Jubliant Organosys Ltd
Mr. C. Vinayaraghavan	56	Executive Director	B. Sc. (Botany) (33)	75,93,940	01-04-1977	-

Note:

1. The remuneration includes salary, allowances, value of perquisites, gratuity, Company's contribution to provident fund, & superannuation fund.
2. None of the above employees are related to any Director of the Company and their employment is contractual in nature.

On behalf of the Board of Directors

Kolkata
August 14, 2012

Ajit Singh Chouhan
Director

Ashok Goyal
Director



REPORT ON CORPORATE GOVERNANCE

1. Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is aimed at effective conduct of its operations and in meeting its obligation towards various stake holders such as vendors, employees, shareholders, customers and to the society at large. The Company is in the business of cultivation and production of tea and rubber and is one of the major producers in the country. The Company endeavors to produce quality products that consistently commands respect, trust and loyalty by way of sustained efforts in the plantation and adoption of latest technologies. The company strives for successful management of contingencies like drought. While the company continues to produce quality products to the satisfaction of its customers, it also gives due importance to its obligation to large work force that it employs on the plantations. The Company runs a business that has a human face and values environment, people, product, plantation practices, customers and shareholders. The company believes in achieving its goal which result in enhancement of shareholders value through transparency, professionalisation and accountability.

2. Board of Directors

The Board has an optimum combination of Executive and Non-Executive Directors, and is in conformity with Clause 49 of the listing agreement entered into with the stock exchanges, in which the Company's shares are listed.

a) The Composition of the Board of Directors as on March 31, 2012 is given below:

Name of Director	Executive / Non- Executive	No. of Outside Director- Ships*	Total number of Committee Memberships in other Companies**	Total number of Committee Chairmanships in other Companies**	No. of Shares Held
Mr. Sanjiv Goenka	Non- Executive	11	2	2	35000
Mr. Haigreave Khaitan	Non – Executive & Independent	14	5	-	-
Mr. P. K. Chowdhary	Non – Executive	7	3	-	-
Mr. G. Momen	Non – Executive & Independent	10	5	-	560
Mr. Umang Kanoria	Non – Executive & Independent	4	4	-	-
Mr. Ajit Singh Chouhan	Non-Executive	2	1	-	-
Mr. Ashok Bachan Goyal	Non-Executive	4	-	-	-
Mr. Pankaj Kapoor	Executive	-	-	-	109001

Mr. Ashok Bachan Goyal was appointed as Additional Director with effect from September 20, 2011.

*Excludes Directorships in Indian Pvt. Ltd. Companies, Foreign Companies and Alternate Directorships.

**Represents Memberships / Chairmanships of Audit Committee and Investor Grievance Committee.

b) Board Procedure

The Board meets at least once in a quarter to consider among other business, the quarterly performance of the Company and financial results. Five Board Meetings were held during the financial year 2011-12 on 30.05.2011, 27.07.2011, 28.10.2011, 14.11.2011 and 10.02.2012.

The attendance of each Director at the Board Meeting and the last AGM is as given below :

Name of Director	Number of Board Meetings attended	Attendance at last AGM
Mr. Sanjiv Goenka	4	-
Mr. Haigreave Khaitan	1	-
Mr. P. K. Chowdhary	1	Yes
Mr. G. Momen	5	-
Mr. Umang Kanoria	5	-
Mr. Ajit Singh Chouhan	4	Yes
Mr. Ashok Bachan Goyal	1	
Mr. Pankaj Kapoor	4	Yes

c) Code of Conduct

The Board has laid down a Code of Conduct for all Board members and senior management personnel of the Company which is posted on the website of the Company. All Board members and senior management personnel have affirmed compliance with the Code on an annual basis. A declaration to this effect signed by the Managing Director forms part of this Annual Report.

3. Committees of the Board

a) Audit Committee

The Audit Committee comprises of four Directors of which three are Independent Directors. The terms of reference of the Audit Committee cover the matters specified under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

Four Audit Committee Meetings were held during the financial year 2011-12 on 30.05.2011, 27.07.2011, 14.11.2011 and 10.02.2012. The composition of the Audit Committee and the attendance of each Member of the Committee are as below:

Composition	Mr. Haigreve Khaitan	Mr. Umang Kanoria	Mr. G. Momen	Mr. Ajit Singh Chouhan
No. of meetings attended	-	4	4	4

b) Investors' Grievance Committee

The Investors' Grievance Committee oversees the redressal of investors' complaints relating to share transfers/ transmission, non receipt of Annual Reports, dividend warrants etc. The Committee met once during the financial year 2011-12 on 10.02.2012.

The composition and the attendance of each Member of the Committee are as below:

Composition	Mr. G. Momen	Mr. Umang Kanoria	Mr. Pankaj Kapoor
No. of meetings attended	1	1	1

Mr. Ravi A., Company Secretary is the Compliance Officer of the Investors' Grievance Committee.

The Status of Investor Complaints is as below:

No of Investor queries/ complaints received from 01.04.2011 to 31.03.2012	No. of complaints pending at the end of the Financial Year
38	Nil

There were no pending share transfers pertaining to the Financial Year ended March 31, 2012.

c) Remuneration Committee

The Remuneration Committee is responsible for recommending the fixation and periodic revision of remuneration of the Managing Director. The Committee presently comprises of Messrs. Haigreve Khaitan, G. Momen and Umang Kanoria. The details of remuneration payable to directors are given below:

Figures in Rs.

Name of the Director	Salary & Perquisites	Sitting Fees	Total
Mr. Haigreve Khaitan	-	20000	20000
Mr. P. K. Chowdhary	-	20000	20000
Mr. G. Momen	-	120000	120000
Mr. Umang Kanoria	-	120000	120000
Mr. Ajit Singh Chouhan	-	100000	100000
Mr. Ashok Bachan Goyal	-	20000	20000
Mr. Pankaj Kapoor*	9309884	-	9309884

* Break up of Salary & Perquisites of Managing Director

Basic Salary	Other allowance	Perquisites	Retirement Benefits	Total
2671803	5672432	244266	721383	9309884

**d) Share Transfer Committee**

The Board has delegated the powers relating to the approval of share transfers to a committee consisting of Managing Director, Company Secretary and Vice President - Legal of the Company. The Committee generally meets at least once in a fortnight. During the financial year 2011-12 twenty eight (28) meetings were held.

4. Management**Management Discussion and Analysis**

This annual report has a detailed chapter on Management Discussion and Analysis.

Disclosure of Accounting Convention in preparation of financial statements.

The financial statements have been prepared to comply in all material aspects with the applicable accounting principles in India, including accounting standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the said Act. The financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

Code for Prevention of Insider Trading

In compliance with the SEBI regulation on prevention of insider trading, the Company has in place a comprehensive code of conduct for its Directors and Senior Management Officers. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company. The code clearly specifies, among other matters, the Directors and specified employees of the Company can trade in the shares of the Company only during "Trading Window Open Period". The trading window is closed during the time of declaration of results, dividend and material events, as per the Code.

Mr. Ravi A, Company Secretary is the Compliance Officer.

Certificate from CEO/ CFO

The CEO and CFO certification of the financial statements for the year has been submitted to the Board of Directors, in its meeting held on May 15, 2012, as required by the Listing Agreement.

5. Annual General Meetings

Location, date and time of the General Meetings held in last three years

Sl. No.	AGM	Year	Date	Time	Location
1.	34th	2011	19.09.2011	10.00 a.m.	Durbar Hall, Casino Hotel, Willingdon Island, Cochin 682003
2.	33rd	2010	30.09.2010	10.30 a.m.	
3.	32nd	2009	30.09.2009	10.30 a.m.	

All resolutions as set out in the respective notices were duly passed by the shareholders in the meeting.

No special resolution was passed in the previous three Annual General Meetings.

Postal Ballot

During the year 2011-12 the approval of the shareholders was obtained through Postal Ballot for one Special Resolution under Sections 198, 269, 309, 310, 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 for payment of remuneration to Mr.Pankaj Kapoor, Managing Director of the Company.

6. Disclosures

There were no significant related party transactions during the financial year having conflict with the interest of the Company.

The Company has complied with the requirements of the Listing Agreement with Stock Exchanges and the regulations and guidelines of SEBI. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets during the last three years.

Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

7. Means of Communication to the Shareholders

The quarterly, half yearly and annual results are published in Business Line (English), Economic Times (English) and Deshabhimani (Malayalam) newspapers in the form prescribed in clause 41 of the Listing Agreement with the Stock Exchanges. These results are also displayed in the Company's web site www.hml.co.in. Hence, they are not separately sent to the shareholders. However, the Company furnishes the quarterly results on receipt of a request from any shareholder.

8. Investor grievances and Shareholder Redressal

The Company has appointed as Registrar and Share Transfer Agent, M/s Link Intime India Private Ltd., which is fully equipped to carry out share transfer related activities and redress investor complaints. Mr. Ravi A., Company Secretary is the Compliance Officer for redressal of all shareholders' grievances.

During the year, the Company has not made any presentation to Institutional Investors or Analysts.

9. SEBI Complaints redress System (SCORES)

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholder complaints well within the stipulated time.

10. General Shareholders' Information

a) Annual General Meeting

Date and Time : Thursday, September 27, 2012, 10.00 A.M.

Venue : Durbar Hall, Casino Hotel, Willingdon Island
Cochin – 682 003.

b) Details of Directors seeking appointment / re-appointment at the forthcoming Annual General Meeting of the Company.

Mr. Ashok Bachan Goyal

Mr. Ashok Bachan Goyal (61 years) who holds a Bachelor's Degree in Mechanical Engineering and a Post Graduate Diploma in Business Management from IIM, Kolkata has over 30 Years of multi domain and cross industry experience across the globe. He is currently the Managing Director of Philips Carbon Black Limited, the largest Carbon Black Company in India with revenue of over Rs.2000 crores. He is the President of the Carbon Black Sector.

He is also a Director in the following Companies:

- Philips Carbon Black Cyprus Holdings Ltd.
- PCBL Netherlands Holdings B.V.
- RPG Power Trading Company Ltd.
- Philips Carbon Black Vietnam Joint Stock Company

Mr. Paras Kumar Chowdhary

Mr. P.K. Chowdhary (61) B.Sc. Physics (Hons.) has rich and varied experience in the Tyre Industry and is currently Whole-time Director & Chief Management Advisor of Ceat Ltd.

He is also a Director in the following Companies:

- Philips Carbon Black Limited
- Sea Princess CHS Limited
- STEL Holdings Limited
- Spencer & Co. Limited
- Spencer International Hotels Limited
- Summit Securities Limited

Mr. Golam Momen

Mr. Golam Momen (79) B.A., has rich and varied experience in the Tea Industry. He was formerly the Chairman and Managing Director of Carritt Moran & Co. Pvt. Ltd. He is a Director in the following Companies:

- Bengal Tea & Fabrics Ltd.
- Empire & Singlo Tea Ltd.
- Kanco Enterprises Ltd.
- The Scottish Assam Ltd.
- Apeejay Tea Ltd.
- DIGJAM Ltd.
- Williamson Magor Ltd.
- Baghmari Tea Co. Ltd.
- Apeejay Surendra Corporate Services Ltd.
- Kanco Tea & Industries Ltd.



c) Financial Calendar (Tentative)

Quarter ending June 30, 2012	Second week of August 2012
Quarter ending September 30, 2012	Second week of November 2012
Quarter ending December 31, 2012	Second week of February 2013
Year ending March 31, 2013 (Audited)	Fourth week of May 2013

d) Date of Book Closure : 15.09.2012 to 27.09.2012 (both days inclusive)

e) Details of Stock Exchanges where listed

- Bombay Stock Exchange Ltd. Mumbai (BSE)
- National Stock Exchange of India Ltd., Mumbai (NSE)
- Cochin Stock Exchange Ltd., Cochin (CSE)

The Company has remitted the listing fees payable to the Stock Exchanges.

f) Market Price Data

Market Price and volume of the Company's shares traded in the major stock exchanges during the financial year 2011-12:

Year – 2011-12	BSE		NSE		Volume (Nos.)	
Months	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)	BSE	NSE
April	87.30	76.45	87.20	75.65	794207	2082395
May	81.05	73.10	80.90	73.10	311267	760616
June	81.50	67.25	81.65	67.20	372245	934554
July	84.40	71.20	84.35	71.20	451726	1006000
August	77.90	57.40	79.50	57.60	254806	499931
September	69.60	60.25	69.60	60.10	315320	464149
October	87.70	63.00	88.95	62.15	526284	816729
November	85.10	61.00	85.05	59.65	145851	295750
December	65.55	49.85	66.15	50.20	436987	994386
January	79.50	64.10	79.40	64.05	822885	1565411
February	86.00	69.00	83.50	70.50	708935	1174860
March	75.00	65.00	74.50	64.55	162245	1057871

g) Shareholding Pattern as on March 31, 2012

Category	Shares held (nos.)	% of holding
Promoter Holding (Indian and Foreign)	9283655	50.30
Mutual Funds	7020	0.04
Banks, Financial Institutions, Insurance Companies and others	38618	0.21
Foreign Institutional Investors	-	-
Non Resident Indians	143062	0.78
Corporate Bodies, Indian Public and others	8983050	48.67
TOTAL	18455405	100.00

h) Distribution of Shareholding as on March 31, 2012

No. of Equity Shares held	No. of Shareholders	No. of shares held	% Shareholding
Up to 500	32406	3757697	20.36
501 to 1000	1132	875795	4.75
1001 to 2000	463	680711	3.69
2001 to 3000	133	340870	1.84
3001 to 4000	73	265225	1.44
4001 to 5000	44	206498	1.12
5001 to 10000	83	567187	3.07
10001 and above	81	11761422	63.73
TOTAL	34415	18455405	100.00

i) Share Transfer Process

Share Transfer in physical form is normally effected within a period of thirty days of receipt of documents complete in all respects. All share transfers are approved by the Share Transfer Committee which meets at least once in a fortnight. Request for de-materialisation of shares are processed and confirmed to the respective depositories within 15 days.

j) De-materialisation of Shares

The Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to provide trading of shares in de-materialised form. International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE544A01019. As on March 31, 2012, 13484139 (73.06%) shares were in de-materialised form.

k) Share Transfer Agents

M/s Link Intime India Pvt. Ltd., Coimbatore are the Registrar and Share Transfer Agent of the Company for both the physical and electronic segments. The Company records share transfers through its Registrar and Share Transfer Agent. Their address is as given below.

M/s. Link Intime India Pvt. Ltd.
Surya, 35, Mayflower Avenue, Behind Senthil Nagar,
Sowripalayam Road, Coimbatore – 641028.
Ph. 0422-2314792
E-mail: coimbatore@linkintime.co.in

l) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments

Not Applicable

m) Plant Locations

Tea Estates : Eleven Estates located in Kerala and two in Tamil Nadu
Rubber Estates : Eleven Estates located in Kerala

n) Address for Correspondence

Harrisons Malayalam Limited,
24/1624, Bristow Road, Willingdon Island
Cochin-682003.
Telephone No: 0484-2668023
E-Mail : hmlcorp@harrisonsmalayalam.com

**Transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)**

The due dates on which unclaimed dividends lying in the unpaid dividend accounts of the Company would be credited to the IEPF are stated in the table below. Investors are requested to claim their unclaimed dividends from the Company before these due dates:

Dividend for Year	Declared on	Dividend %	Amount lying unpaid/ unclaimed as on March 31, 2012 (Rs)	Due date for credit to IEPF
2004-05	20.09.2005	10%	449363	19.10.2012
2005-06	29.09.2006	10%	356310	28.10.2013
2006-07	28.09.2007	15%	581540	27.10.2014
2007-08	18.09.2008	15%	767455	17.10.2015
2008-09	30.09.2009	15%	733093	29.10.2016
2009-10	30.09.2010	20%	1111716	29.10.2017
2010-11	19.09.2011	15%	826266	18.10.2018

Compliance of Non Mandatory requirements**1) Remuneration Committee**

Details of the composition and function of the Remuneration Committee are given in the section “Committees of the Board.”

2) Shareholder Rights – Furnishing of quarterly results.

Details of the shareholders’ rights in this regard are given in the Section “Means of Communication to Shareholders”.

3) Audit Qualification

During the current financial year, there are no audit qualifications in the financial statements. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

4) Training of Board Members

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

5) Whistle Blower Policy

The Company does not have a Whistle Blower Policy as of now. However the Company has adopted an Open Door Policy for employees, customers and vendors to report to the management, instances of unethical behaviour, actual or suspected fraud or actions that are not in line with the applicable Company policy.

Practicing Company Secretary’s certificate on Corporate Governance.

The Company has obtained a Certificate from the Practicing Company Secretary regarding compliance of corporate governance, as mandated in Clause 49 of the Listing Agreement with the Stock Exchanges. The certificate is annexed to this report.

DECLARATION – CODE OF CONDUCT

All Board members and senior management personnel of the Company have, for the year ended March 31, 2012 affirmed compliance with the Code of Conduct laid down by the Board of Directors in accordance with Clause 49 of the Listing Agreement with the Stock Exchanges.

for **HARRISONS MALAYALAM LIMITED**

May 15, 2012

Pankaj Kapoor
Managing Director

PRACTICING COMPANY SECRETARY'S CERTIFICATE

AS PER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of **Harrisons Malayalam Ltd.**

I have examined the compliance of conditions of Corporate Governance by Harrisons Malayalam Limited ("the Company") for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to the 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 my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement.

I state that as per the records maintained by the Company and certified by the Registrar and Share Transfer Agent of the Company, there were no investors' grievances remaining unattended/pending for more than 30 days as at March 31, 2012.

I further 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.

Thomas P. Chacko
FCS 4066

Company Secretary in Practice
CP 4251

Cochin
April 26, 2012



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

TEA

Overview

Indian Tea production in 2011 was 988 million kgs as compared to 967 million kgs in 2010, an increase of just 21 million kgs. Other major tea producing countries in 2011 were Kenya 377 million kgs, Sri Lanka 328 million kgs, other African Countries 168 million kgs, Vietnam 145 million kgs, Indonesia 57 million kgs and Bangladesh 59 million kgs.

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

Outlook

India and global tea production is likely to remain stagnant to very insignificant growth in the next two years due to negligible addition of land under tea cultivation in the organized sector. Demand however is expected to increase marginally and thereby creating further shortage and lower inventory levels. Gradual change in the weather conditions may affect the production.

RUBBER

Overview

The global Natural Rubber production in 2011 showed an increase of 5.5% at 10,977 million kgs compared to 10,406 million kgs in the year 2010. The overall consumption of rubber was 10,920 million kgs in 2011 as against 10,783 million kgs in the previous year, an increase of 1.3%. Fundamentals not being supportive of rubber, with global production rising in recent years while demand has fallen in major consuming countries, have resulted in the price of Natural Rubber touching a 3 year low in the Tokyo Commodity Exchange (TOMCO). Thailand, Indonesia and Malaysia who account for 70% of global output have taken drastic measures to stem the fall in prices, which included procurement of rubber at prices above market levels and cut aging trees to curtail 450 million kgs of production.

In India, Natural Rubber production during 2011-12 showed an increase of 4.3% at 899 million kgs compared to 862 million kgs in 2010-11. The consumption during the year was 967 million kgs against 948 million kgs in the previous year, an increase of 2%. The rubber prices touched a record high of Rs 243 a kg in April 2011. The prices since then have been showing a downward trend. During the year 30 million kgs of rubber was exported at an average realisation of Rs 214 per kg, while 178 million kgs were imported at Rs 181 per kg.

Outlook

As production that was planned years ago comes on-stream in non-traditional areas such as north-eastern states, India is likely to produce 942 million kgs of natural rubber in the current year. With consumption expected to be 1006 million kgs and India's natural rubber imports likely to drop by 27 % to 130 million kgs in the current year, the prices of natural rubber is unlikely to fall from the current levels. Also rubber prices will gain support from Asia-Pacific demand mainly from China's booming automotive, medical, heavy equipment and other industries. However Natural rubber prices could come under pressure due to a fall in crude oil prices, which makes synthetic rubber cheaper.

Company's rubber production would remain at the present levels as the Company had initiated a massive Replanting exercise 5 years ago, and would start yielding results in coming years, in the process making HML as one of the companies having the highest land productivity in the Rubber Plantation Sector.

OPPORTUNITIES AND THREATS

Tea and Rubber plantations are largely dependant on the vagaries of the nature. The industry is highly labour intensive and is subject to stringent labour laws. Comparatively high labour cost, high social cost, high infrastructure cost and increase in energy and other input cost remains the major problem in the industry. Shortage of labour during peak season in some pockets is also a cause for concern.

These problems need to be addressed by improving labour productivity, which your Company is doing by initiating discussion with trade unions. Various energy conservation measures have been initiated. Improved water management measures initiated would help the Company see through the dry months of February and March.

Also with the expected increase in tea prices and the prevailing high prices for rubber, the Company will be able to perform well by increasing the volume through bought operations, in addition to improving crop from own plantations. Your company's efforts in the Development activities in the Plantations over the past 4 – 5 years would result in the yield levels going up over the years to come.

With increased focus on export, the Company will be in a position to fetch better valuation for its teas.

INTERNAL CONTROL SYSTEM

The Company has in place adequate system of Internal Control commensurate to its size and 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, safe guarding the assets from unauthorized use or loss, extending transactions with proper operation and ensure compliance of Corporate policies. The Internal control is supplemented by regular review by management, documented policies and procedures and internal audits.

HUMAN RESOURCES

The Industry is highly labour intensive. The Company employs over 12,000 persons at its tea and rubber plantations. Employee relations remained satisfactory during the period under review. The Company would like to record its appreciation of the whole hearted support and dedication received from the employees at all levels in maintaining smooth production from all the tea and rubber plantations.

FINANCE

Financial ratios have improved substantially over last couple of years. Gross debt as on March 31, 2012 amounted to Rs.101 crores as compared to Rs. 113 crores as on March 31, 2011. Internal generations have been used to reduce the debt by Rs.12 crores during the year.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations are "forward looking statements" within the meaning of applicable securities laws and regulations. Actual result could defer materially from those expressed or implied. Significant factors that could make a difference to the Company's operations include domestic and internal economic conditions affecting demand and supply, the commodity prices, changes in the Government regulations, tax regimes and other statutes.



Auditors' Report to the Members of Harrisons Malayalam Limited

1. We have audited the attached Balance Sheet of Harrisons Malayalam Limited (the "Company") as at March 31, 2012, and the related Statement of Profit and Loss and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply, in all material respects, with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Chennai
August 14, 2012

Pinaki Chowdhury
Partner
Membership Number 057572

ANNEXURE TO THE AUDITORS' REPORT

**Referred to in paragraph 3 of the Auditors' Report of even date to the members of
Harrisons Malayalam Limited on the financial statements as of and for the year ended March 31, 2012**

- 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 [other than Furniture and Fittings (net book value - Rs. 43.64 lacs as at March 31, 2012)] over a period of 3 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 has been physically verified by the Management during the year. 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. The Company has not granted/taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii)[(b),(c) and (d) / (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, there have been no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
(b) In our opinion, and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees Five Lacs in respect of any party during the year.
- vi. In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- 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 provident fund, employees' state insurance, income tax, sales tax, service tax and other material dues [other than arrears of Rs. 18.10 lacs relating to Plantation tax (under the The Kerala Plantations (Additional Tax) Act, 1960), arrears of Rs. 15.67 lacs relating to Land Tax (under the The Kerala Land Tax Act, 1961), arrears of Rs. 0.74 lacs relating to Rubber Cess (under the Rubber Act, 1947), arrears of Rs. lacs relating to Municipal tax (under the The Kolkata Municipal Corporation Act, 1980), and arrears of Rs. 3.66 lacs relating to Agricultural income tax (under the Tamil Nadu Agricultural Income Tax Act, 1955) which are outstanding for a period of more than six months as on the Balance sheet date], as applicable, with the appropriate authorities, though there has been slight delays in a few cases and is regular in depositing undisputed statutory dues in respect of investor education and protection fund, wealth tax, customs duty and excise duty, 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, the particulars of dues of income tax and sales tax as at March 31, 2012 which have not been deposited on account of a dispute (there being no such case with regard to wealth tax, service tax, customs duty and excise duty as on March 31, 2012), are as follows:



Name of the statute	Nature of dues	Amount (Rs. in lacs)	Period to which the amount relates (Assessment year)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax and Interest thereon	7.42	2006-07	Income Tax Appellate Tribunal
		624.74	2006-07, 2007-08, 2008-09, 2009-10	Commissioner of Income Tax, Appeals
		208.44	2011-12	Assessing Officer
Kerala Agricultural Income Tax Act, 1950/1991	Tax on Agricultural Income, interest and penalty thereon.	394.32	1980-81, 1981-82, 1982-83, 1983-84, 1984-85, 1985-86, 1994-95, 1995-96, 1996-97, 1998-99	Assessing Officer
		10.20	1994-95	Deputy Commissioner Appeals
		6.03	1995-96	Inspecting Assistant Commissioner, Department of Commercial Taxes

- 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 explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders, as applicable, as at the balance sheet date.
- 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 Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 4(xv) of the Order are not applicable to 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. On the basis of an overall examination of the balance sheet of the Company, in our opinion, and according to the information and explanations given to us, funds raised on a short term basis, aggregating Rs.1,657.31 lacs, have been used for long term investment in fixed 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 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

Pinaki Chowdhury
Partner
Membership Number : 057572

Chennai
August 14, 2012

Balance Sheet as at March 31, 2012

	Note	As at March 31, 2012 Rs. Lacs	As at March 31, 2011 Rs. Lacs
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	2	1,845.43	1,845.43
Reserves and Surplus	3	30,053.16	29,903.52
		<u>31,898.59</u>	<u>31,748.95</u>
Non-current Liabilities			
Long term borrowings	4	6,300.86	7,131.40
Long term provisions	5	2,819.87	2,055.85
		<u>9,120.73</u>	<u>9,187.25</u>
Current Liabilities			
Short term borrowings	6	2,710.42	2,771.10
Trade payables	7	1,229.38	1,612.79
Other current liabilities	8	4,974.51	4,270.25
Short term provisions	9	1,610.41	1,668.41
		<u>10,524.72</u>	<u>10,322.55</u>
Total		<u><u>51,544.04</u></u>	<u><u>51,258.75</u></u>
ASSETS			
Non current assets			
Fixed assets	10		
Tangible assets		42,614.13	42,346.32
Capital Work in progress		53.35	180.43
Non current investments	11	6.04	1.08
Long term loans and advances	12	804.36	786.21
Other non current assets	13	313.28	408.78
		<u>43,791.16</u>	<u>43,722.82</u>
Current assets			
Current investments	14	15.05	0.04
Inventories	15	1,889.35	2,585.79
Trade receivables	16	1,285.38	1,286.80
Cash and bank balances	17	1,438.86	963.30
Short term loans and advances	18	1,760.99	1,003.19
Other current assets	19	1,363.25	1,696.81
		<u>7,752.88</u>	<u>7,535.93</u>
Total		<u><u>51,544.04</u></u>	<u><u>51,258.75</u></u>

The notes are an integral part of these financial statements

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

For and on behalf of the Board

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Pinaki Chowdhury
Partner
Membership No. 057572

Ravi A.
Company Secretary

Chennai
August 14, 2012

Kolkata
August 14, 2012



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

	Note	Year ended March 31, 2012 Rs. Lacs	Year ended March 31, 2011 Rs. Lacs
Revenue from operations	20	36,498.91	37,096.63
Other income	21	392.49	491.54
Total revenue		36,891.40	37,588.17
Expenses			
Cost of materials consumed	22	7,482.43	9,741.62
Purchases of stock in trade	23	1,901.40	1,852.73
Changes in inventories of finished goods	24	596.94	677.10
Employee benefits expenses	25	11,140.59	9,719.37
Other expenses	26	12,386.88	12,888.17
Depreciation expenses	10	649.19	611.48
Finance cost	27	1,688.42	1,572.77
Total expenses		35,845.85	37,063.24
Profit before tax		1,045.55	524.93
Tax Expenses			
Current Tax			
For current year		(505.00)	(130.00)
For earlier years		(69.18)	-
Profit for the year		471.37	394.93
Earnings per equity share	39		
Equity shares of par value Rs.10/- each			
Basic and diluted (in Rs.)		2.55	2.14

The notes are an integral part of these financial statements

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

For and on behalf of the Board

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Chennai
August 14, 2012

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Ravi A.
Company Secretary

Kolkata
August 14, 2012

Cash Flow Statement for the year ended March 31, 2012

	For the year ended March 31, 2012 (Rs. Lacs)	For the year ended March 31, 2011 (Rs. Lacs)
Cash Flow from Operating Activities		
Profit Before Tax	1,045.55	524.93
Adjustments for:		
Depreciation	649.19	611.48
Dividend Income	(0.05)	(0.04)
Interest Income	(122.64)	(240.72)
Interest Expense	1,646.68	1,421.97
Provision for Doubtful Debts/ Advances (net of recovery)	31.39	55.63
Provisions no longer required written back	(27.74)	-
Unrealised foreign currency gain	(10.43)	(4.14)
(Profit)/Loss on Sale of Fixed Assets (net)	3.16	(21.11)
	<u>2,169.56</u>	<u>1,823.07</u>
Operating Profit before Working Capital changes	3,215.11	2,348.00
Decrease in Inventories	696.44	802.77
(Increase) in Trade Receivables	(81.06)	(520.79)
(Increase) in Loans and Advances/ Other Current Assets	(428.70)	(927.83)
Increase in Trade payables and Other Current Liabilities	1,365.65	208.98
	<u>1,552.33</u>	<u>(436.87)</u>
Cash Generated from Operations	4,767.44	1,911.13
Income Tax (net of refund)	(558.63)	306.85
Net Cash from Operating Activities (A)	<u>4,208.81</u>	<u>2,217.98</u>
Cash Flow from Investing Activities		
Purchase of Tangible Assets	(884.52)	(1,051.26)
Sale of Tangible Assets	41.01	66.92
Purchase of non-current Investments	(5.00)	-
Purchase of current Investment	(20.01)	-
Interest Received	100.32	240.72
Dividend Income from Investments	0.05	0.04
Sale of non-current Investments	0.04	0.08
Sale of current Investments	5.00	-
Net Cash (used in) Investing Activities (B)	<u>(763.11)</u>	<u>(743.50)</u>
Cash Flow from Financing Activities		
Proceeds from Long-term Borrowings	2,137.32	4,295.30
Repayment of Long-term Borrowings	(3,268.12)	(1,467.75)
Net decrease in Short-term Borrowings	(60.68)	(1,928.55)
Interest Paid	(1,679.40)	(1,514.99)
Dividend Paid (including tax on dividend Rs.45.98 Lacs, previous year Rs. 62.73 Lacs)	(315.35)	(431.84)
Net Cash (used in) Financing Activities (C)	<u>(3,186.23)</u>	<u>(1,047.83)</u>
Net Increase in Cash and Cash Equivalents (A+B+C)	259.47	426.65
Cash and Cash Equivalents at the beginning of the year	813.90	387.25
Cash and Cash Equivalents at the close of the year (note 2 below)	1,073.37	813.90

Notes :

- The above Cash Flow Statement has been prepared under indirect method set out in the Accounting Standard (AS) 3 Cash Flow Statement.
- Cash and Cash Equivalents (Refer note 17 to financial statements) include Unpaid Dividend not available for use by the Company of Rs. 48.26 Lacs (31.03.2011 - Rs.40.80 Lacs)
- Previous year's figures have been regrouped/ rearranged where considered necessary (also refer note 43 to the financial statements)

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

For and on behalf of the Board

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Pinaki Chowdhury
Partner
Membership No. 057572

Ravi A.
Company Secretary

Chennai
August 14, 2012

Kolkata
August 14, 2012



Notes to financial statements for the year ended March 31, 2012

1 Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts (refer note 1.3). These financial statements have been prepared to comply in all material respects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

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

1.2 Use of Estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

1.3 Fixed Assets and Depreciation

Revalued fixed assets (land and development) are stated at revalued amounts (market value as on June 30, 1990 and April 1, 2009 based on revaluation carried out by independent valuers) and additions/deletions thereto since then at cost, less accumulated depreciation and impairment losses, if any.

Other fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Cost includes inward freight, non refundable duties/ taxes and expenses incidental to acquisition/installation.

Expenses relating to new planting of tea are capitalised.

Fixed assets other than land and development are depreciated under the written down value method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956, except for Furniture and Fittings which are depreciated at 33.33%. No depreciation is charged on the land and development. Assets costing individually Rs.5000 and below are fully depreciated in the year of addition.

1.4 Impairment

The carrying amounts of fixed assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of cash generating unit exceeds the recoverable amount (i.e. higher of net selling price and value in use). In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amounts of the assets over their remaining useful lives.

1.5 Investments

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the long term investments. Current investments are stated at lower of cost and fair value. Fair value is determined on the basis of realisable or market value.

1.6 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average basis and includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable. Inventories are written down for obsolete/slow moving/non moving items wherever necessary.

1.7 Foreign Currency Transactions

Foreign currency transactions are recorded at rates prevailing on the date of the respective transactions. At the year end monetary assets and liabilities denominated in foreign currencies are restated at the closing exchange rates. The resultant exchange differences arising from settlement of foreign currency transactions and from the year end restatement are recognised in the Statement of Profit and Loss.

1.8 Revenue Recognition

Revenue from sale of tea at auction is recognised on receipt of sale note from brokers. Revenue from sale of tea other than at auction and from sale of rubber is recognised on transfer of ownership in goods in accordance with the terms of sale. Revenue from sale of rubber/ grevillea trees is recognised at the point of felling and removing the trees from the estates.

Revenue from fixed price construction contracts is recognised on the percentage of completion method based on the proportion of contract cost incurred for work performed up to reporting date bears to the estimated total contract cost. Total cost of the contracts are estimated based on technical and other estimates. Profit on such contracts is recognised not exceeding the overall contract margin. All foreseeable losses on contracts are provided for.

1.9 Derivative Contracts

Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses (net), if any, are recognised in the Statement of Profit and Loss and gains (net) are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on "Accounting for Derivatives" issued in March 2008.

1.10 Accounting for Government Grants

Revenue subsidy receivable from Tea Board towards manufacture of orthodox tea is accrued on despatch of orthodox tea.

Revenue subsidy receivable from Tea Board towards replanting activities undertaken is accounted on sanction of such subsidy by the Tea Board.

Capital subsidy from Tea Board and Rubber Board is adjusted against the cost of specific depreciable assets on receipt of such subsidy.

1.11 Employee Benefits

i) Short Term

Short term employee benefits (i.e., benefits falling due within one year after the end of the period in which the employees render the related service) are recognised as expense in the period in which employee services are rendered as per the Company's schemes based on expected obligations on undiscounted basis.

ii) Post Retirement

Post-retirement benefits comprise of provident fund, superannuation and gratuity which are accounted for as follows:

a) Provident fund

For certain category of employees, this is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

Certain category of employees of the Company receive provident fund benefits, which are administered by the Provident Fund Trust setup by the Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Company make monthly contributions at specified percentage of the employee's salary to such Provident Fund Trust. The Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Company's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognised in the Statement of Profit and Loss. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/ expense.



b) Superannuation

This is a defined contribution plan. The Company contributes as per the scheme to superannuation fund administered by Life Insurance Corporation of India (LIC). The Company has no further obligations for future superannuation benefits other than its annual contributions and recognises such contributions as expense in the period in which the related employee services are rendered.

c) Gratuity

This is a defined benefit plan. Provision is based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains / losses are recognised immediately in the Statement of Profit and Loss as income or expense.

(iii) Other Long term :

Compensated absences

This is a defined benefit plan. Provision is based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income or expense.

1.12 Replanting Expenses

Replanting expenses relating to Tea consequent to replacement are charged to revenue as and when incurred. All planting expenses relating to rubber is charged off.

1.13 Current and Deferred tax

Current tax is provided as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws. Deferred tax is provided on timing differences between taxable income and accounting income, measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is virtual/ reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income', that there will be sufficient future taxable income available to realise such assets. Deferred Tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

1.14 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when the Company has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

	As at March 31, 2012 Rs.Lacs	As at March 31, 2011 Rs. Lacs
2 Share Capital		
(i) Authorised: 3,00,00,000 Equity Shares of Rs.10 each	3,000.00	3,000.00
(ii) Issued, Subscribed and Paid up: 1,84,55,405 Equity Shares of Rs.10 each fully paid up Less: Allotment Money in Arrears	1,845.54 0.11 1845.43	1,845.54 0.11 1845.43

	March 31, 2012		March 31, 2011	
	Number of shares	Rs. Lacs	Number of shares	Rs. Lacs
(iii) Number of shares outstanding as at the beginning of the year	18,455,405	1,845.43	18,455,405	1,845.43
Number of shares outstanding as at the end of the year	18,455,405	1,845.43	18,455,405	1,845.43

- (iv) Shares in the Company held by each shareholder holding more than 5 percent shares :

	March 31, 2012		March 31, 2011	
	Number of shares	% holding	Number of shares	% holding
Malayalam Plantations (Holdings) Limited	3,640,000	19.72%	3,640,000	19.72%
Instant Holdings Limited	1,605,200	8.70%	1,605,200	8.70%
Universal Industrial Fund Limited	1,221,713	6.62%	1,221,713	6.62%

- (v) Rights, preferences and restrictions attached to Equity shares mentioned above :

The company has only one class of equity shares having a par value of Rs.10 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, in proportion to their shareholding.

3 Reserves and Surplus

Rs. Lacs

Reserves	Balance as at March 31, 2011	Additions	Deductions	Balance as at March 31, 2012
Capital Reserve				
Securities premium account	5,002.89	0.02	-	5,002.91
Fixed assets revaluation reserve	13,957.19	-	-	13,957.19
Other Reserves				
Reserve arising from amalgamation	291.33	-	-	291.33
Housing subsidy reserve	5.26	-	-	5.26
General Reserve	1,664.25	23.57	-	1,687.82
Total	20,920.92	23.59	-	20,944.51

Rs. Lacs

Surplus in Statement of Profit and Loss	As at March 31, 2012		As at March 31, 2011	
Balance as at the beginning of the year		8,982.60		8,930.23
Add:				
Profit for the year as per Statement of Profit and Loss		471.37		394.93
Less: Appropriations				
Proposed Dividend on Equity Shares @ 15% (previous year 15%)	276.83		276.83	
Tax on dividends	44.92		45.98	
Transfer to General Reserve	23.57	345.32	19.75	342.56
Balance as at the end of the year		9,108.65		8,982.60
Total Reserves and Surplus		30,053.16		29,903.52



4 Long term borrowings

Secured

Term loan

	As at March 31, 2012 Rs.Lacs	As at March 31, 2011 Rs.Lacs
From Banks	7,173.61	8,295.77
From Others	241.78	250.43
	7,415.39	8,546.20
Less: Current maturities of Long Term Debt referred to in Note 8	(1,114.53)	(1,414.80)
	6,300.86	7,131.40

Term loan from banks

- a Loan availed Rs.5,800 Lacs during financial years 2008-09 and 2009-10 repayable in 17 quarterly instalments of Rs.322.23 Lacs repayable from April 2009 and final instalment of Rs.322.09 Lacs along with interest of BPLR minus 1.25% is secured by equitable mortgage of immovable properties of the Company situated in Wentworth Estate and Coimbatore factory and also by a charge on the movable assets of the Company situated in the above properties. Year end balance is Rs Nil Lacs (previous year Rs.3,122.16 Lacs).
- b Loan availed Rs. 883.54 Lacs during financial years 2009-10 and 2010-11 repayable in 32 quarterly instalments of Rs.23.80 Lacs commencing from June 2014 and 4 quarterly instalments of Rs.30.485 Lacs commencing from 2022-23 is secured on a pari passu basis by equitable mortgage of immovable property of the Company situated in Mayfield Estate and also by a charge on the movable assets of the Company situated in the above estate. The loan carries an interest rate of 0.75% above SBAR payable on a monthly basis from disbursement of the loan. Year end balance is Rs. 883.54 Lacs (previous year Rs.883.54 Lacs).
- c Loan availed Rs.290.07 Lacs during financial years 2009-10 and 2010-11 repayable in 35 quarterly instalments of Rs.8.06 Lacs commencing from June 2014 and final quarterly instalment of Rs.7.97 Lacs is secured on a pari passu basis by equitable mortgage of immovable property of the Company situated in Mayfield Estate and also by a charge on the movable assets of the Company situated in the above estate. The loan carries an interest rate of 12.50% per annum payable on a monthly basis from disbursement of the loan. Year end balance is Rs.290.07 Lacs (previous year Rs.290.07 Lacs).
- d Loan availed Rs.6,000.00 Lacs during 2010-11 and 2011-12 repayable in 17 quarterly instalments of Rs.333.30 Lacs commencing from September 2012 and final quarterly instalment of Rs.333.90 Lacs is secured by equitable mortgage of immovable properties of the Company situated in Kumbazha estate. The loan carries an interest rate of base rate plus 3% per annum payable on a monthly basis from disbursement of the loan. Year end balance is Rs.6,000.00 Lacs (previous year Rs.4,000.00 Lacs).

Term loan from others

- e Term loan from others are secured by hypothecation of assets acquired out of these loans which are repayable in equated monthly instalments (ranging between 3 to 4 years) along with the applicable interest rates (ranging between 10.49 to 15.50 %).

Repayment terms :	Rs. Lacs	
	As on March 31, 2012	As on March 31, 2011
Payable in 0-1 year	114.63	125.88
Payable in 1-2 year	71.18	83.23
Payable in 2-3 year	37.62	37.76
Payable in 3-4 year	18.35	3.56
	241.78	250.43

	As at March 31, 2012 Rs.Lacs	As at March 31, 2011 Rs.Lacs
5 Long term provisions		
Provision for employee benefits:		
Provision for gratuity	2,309.00	1,611.00
Provision for compensated absence	18.87	4.85
	2,327.87	1,615.85
Other Provisions:		
Contingency reserve #	492.00	440.00
	2,819.87	2,055.85
# Balance at the beginning of the year	440.00	200.00
Provision made during the year	52.00	240.00
Utilised / Reversed during the year	-	-
Balance at the end of the year	492.00	440.00
Provision for contingency represents the potential exposure on account of legal dispute. However the nature of the provision has not been disclosed in detail on the grounds that it is excepted to prejudice the interests of the Company.		
6 Short term borrowings		
Secured		
Cash credit from banks repayable on demand	2,710.42	1,771.10
Unsecured		
Short term loan from bank	-	1,000.00
	2,710.42	2,771.10
Cash credit from banks		
Secured by equitable mortgage of immovable properties of the Company situated in Arrapetta Estate, hypothecation of standing crop in Achoor, Arrapetta, Panniar, Mayfield , Lahai, Isfield and Nagamallay Estates and by hypothecation of stocks of tea, rubber, trading merchandise, stores and spares, book debts and other movable assets both present and future. Cash credit carries an interest within the range of 13 - 18 % p.a.		
Short term loan from bank		
Loan repayable by June 30, 2011 carrying an interest of 10.5% per annum.		
7 Trade payables		
Sundry Creditors		
Due to Micro and Small Enterprises	31.60	14.59
Others	1,197.78	1,598.20
	1,229.38	1,612.79
Micro and Small Enterprises :		
The Company has amounts due to suppliers under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED)		
Principal amount and the interest due thereon remaining unpaid to suppliers under MSMED		
Principal	16.59	14.59
Interest	0.15	12.04
Interest paid to suppliers under section 16 of MSMED along with the amount of the payment made to suppliers beyond the appointed day during the year	-	-



	As at March 31, 2012 Rs.Lacs	As at March 31, 2011 Rs.Lacs
The amount of interest due and payable for principal paid during the year beyond the appointed day without adding the interest specified under MSMED		
Principal	139.89	5.80
Interest	2.82	0.91
The amount of interest accrued and remaining unpaid at the end of the year [including Rs.NIL (Previous year Rs.NIL) being interest outstanding as at the beginning of the accounting year]	15.01	-
The amount of further interest remaining due and payable even in the succeeding year, until such date when interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of the MSMED	15.01	-

8 Other current liabilities

Current maturities of long term borrowings (Refer Note 4)	1,114.53	1,414.80
Interest accrued but not due on borrowings	-	34.00
Interest accrued and due on borrowings	11.63	10.35
Unpaid dividends *	48.26	40.80
Unclaimed matured deposits *	1.73	1.73
Others :		
Employee benefits payable	1,728.33	1,130.79
Statutory dues	1,373.43	727.36
Advance from customers	696.60	910.42
	4,974.51	4,270.25

* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of The Companies Act, 1956 as at the year end.

9 Short term provisions

Provision for employee benefits:

Provision for gratuity	395.99	505.00
Provision for compensated absence	54.72	18.20

Others :

Provision for		
Income tax (Net of advance tax of Rs. 13,544.33 Lacs; previous year Rs.12,985.70 Lacs)	715.31	699.76
Fringe benefit tax(Net of advance tax of Rs 92.42 Lacs; previous year Rs.92.42 Lacs)	122.64	122.64
Proposed dividend	276.83	276.83
Tax on proposed dividend	44.92	45.98
	1,610.41	1,668.41

Note 10

Fixed Assets

Rs. Lacs

Description of Assets	Gross Block			Depreciation				Net Block	
	Cost/ Valuation as at March 31, 2011	Additions	Disposals/ Adjustments	Cost/ Valuation as at March 31, 2012	As at March 31, 2011	For the year	On Disposals/ Adjustments	As at March 31, 2012	As at March 31, 2011
Tangible Assets									
Land and Development - Freehold and Leasehold (Note 1 below)	38,692.29	309.58	-	39,001.87	-	-	-	39,001.87	38,692.29
Buildings	3,396.45	38.02	0.62	3,433.85	2,042.97	90.98	0.51	2,133.44	1,353.48
Plant and Machinery (Note 2 below)	5,587.94	396.89	346.71	5,638.12	3,868.78	441.56	336.17	3,974.17	1,719.16
Furniture and Fittings	279.02	5.67	6.58	278.11	220.29	19.77	5.59	234.47	58.73
Water Supply	858.37	71.60	12.75	917.22	515.51	44.63	3.92	556.22	342.86
Vehicles	615.05	139.41	120.45	634.01	435.25	52.25	96.75	390.75	179.80
	49,429.12	961.17	487.11	49,903.18	7,082.80	649.19	442.94	42,614.13	42,346.32
Previous Year	48,513.80	1,204.18	288.86	49,429.12	6,714.37	611.48	243.05	53.35	180.43
Capital Work-In-Progress - at cost								42,667.48	42,526.75

Notes :

- Land and development includes
 - Certain leasehold lands the value of which is not separately ascertainable
 - Rs. 13,957.19 Lacs added on revaluation during 1990-1991 and credited to Fixed Assets Revaluation Reserve.
 - Rs. 22,739.61 Lacs added on revaluation during 2009-2010 and credited to Fixed Assets Revaluation Reserve. The credit to Fixed Assets Revaluation Reserve has been adjusted against the excess of liabilities over the assets taken over (Rs.21,233.80 lacs) and the carrying value of investments in the shares of the wholly owned subsidiary companies (Rs.1,218.91 lacs) and the balance amount of Rs.286.90 Lacs was transferred to Capital Reserve arising from amalgamation as per the scheme.
- Plant and Machinery

Additions to Plant and Machinery is net of capital subsidy of Rs.72.30 lacs (Previous year Rs. 17.92 lacs)



	As at March 31, 2012 Rs.Lacs	As at March 31, 2011 Rs.Lacs
11 Non current investments		
Long Term - At Cost		
Other than trade		
Unquoted investment		
(i) Investments in Equity shares of Subsidiaries		
49,993 Shares in HML Engineering Company Limited	5.00	-
(ii) Investment in government securities		
National Savings Certificates	0.04	0.08
Treasury Savings Account	1.00	1.00
	6.04	1.08
12 Long term loans and advances		
Un-secured and considered good		
Capital Advances	75.68	25.25
Electricity and other deposits	237.45	271.92
Advance to workers	491.23	489.04
	804.36	786.21
13 Other non current assets		
Un-secured and considered good		
Margin money deposit with Banks having maturity more than 12 months	17.30	174.84
Bank Deposit on lien	1.09	0.57
Retention money	294.89	233.37
	313.28	408.78
14 Current investments		
At lower of cost and fair value		
Other than trade		
Unquoted investment		
(i) Investments in Equity shares of Subsidiaries		
100,000 Shares in Enchanting Plantations Limited	10.00	-
50,000 Shares in Harmony Plantations Limited	5.00	-
(ii) Investment in government securities		
National Savings Certificates*	0.05	0.04
	15.05	0.04
* This is long term investment in keeping with AS13 "Accounting for Investments"		
15 Inventories		
At lower of cost and net realisable value		
Finished goods *	871.96	1,468.90
Stores and spares #	777.62	749.34
Raw (Construction) materials @	148.90	200.52
Nurseries	90.87	167.03
	1,889.35	2,585.79
* Particulars of closing inventories of Finished goods		
Tea	709.92	1,178.82
Rubber	162.04	290.08
	871.96	1,468.90

Stores and spares includes packing materials of Rs.147.73 lacs (Previous year- Rs.287.84 lacs)



	As at March 31, 2012 Rs.Lacs	As at March 31, 2011 Rs.Lacs
@ Particulars of closing inventories of Raw (Construction) materials		
Torsteel	47.61	111.33
Tiles	12.96	14.87
Others	88.33	74.32
	148.90	200.52
16 Trade receivables		
Unsecured		
Outstanding for a period of more than six months from the due date of payment.		
Considered good	104.36	96.40
Considered doubtful	359.50	326.22
Less: Provision for doubtful receivables	(359.50)	(326.22)
	104.36	96.40
Other debts		
Considered good	1,181.02	1,190.40
Considered doubtful	-	1.89
Less: Provision for doubtful receivables	-	(1.89)
	1,181.02	1,190.40
	1,285.38	1,286.80
17 Cash and Bank balances		
Cash and cash equivalent		
Cash on hand	15.44	20.67
Balance with banks		
On current accounts	1,009.67	752.43
Unpaid dividend accounts *	48.26	40.80
	1,073.37	813.90
Other bank balances		
Margin money deposit with original maturity greater than 3 months and maturing with in 12 months	365.49	149.40
	1,438.86	963.30
* Earmarked for payment of unclaimed dividend		
18 Short term loans and advances		
Un-secured and considered good		
Advances to related parties	0.78	-
Subsidiaries (Refer Note 38)	71.29	71.97
Advances to employees	317.48	310.13
Advance to suppliers	1,112.69	474.01
Balances with Government Authorities	122.30	69.82
Prepaid expenses	35.75	2.98
Claims recoverable	100.70	74.28
Advances to body corporates/ trusts /individuals	1,760.99	1,003.19
Un-secured and considered doubtful		
Balances with Government Authorities	27.14	27.14
Advances to body corporates	174.00	174.00
	201.14	201.14
Less: provision for doubtful advances	(201.14)	(201.14)
	1,760.99	1,003.19



	As at March 31, 2012 Rs.Lacs	As at March 31, 2011 Rs.Lacs
19 Other current assets		
Un-secured and considered good		
Subsidy receivable	619.71	700.91
Unbilled revenue	588.44	896.42
Export Entitlement	132.78	99.48
Interest accrued on bank deposits	22.32	-
	1,363.25	1,696.81
	Year ended March 31, 2012 Rs.Lacs	Year ended March 31, 2011 Rs.Lacs
20 Revenue from operations		
Sale of products *	30,366.70	32,507.74
Sale of Services #	2,232.44	3,265.89
Other operating revenues		
Sale of Rubber/ Grevillea Trees	3,229.26	582.11
Tea Board Subsidy	225.09	360.31
Export entitlements	190.68	151.37
Others	254.74	229.21
	36,498.91	37,096.63
* Details of sale of products		
Tea	12,004.26	12,313.80
Rubber	17,676.03	19,565.85
Fruits, Spices and others	550.80	613.49
Green leaf	98.38	3.71
Plant Tissue Culture sales	37.23	10.89
	30,366.70	32,507.74
# Details of sale of services		
Construction contracts (Refer Note 36)	2232.44	3265.89
21 Other Income		
Interest income on		
Bank deposits and other deposits	32.09	16.53
Non-current investments	0.02	0.05
Income tax refund	90.53	224.14
Dividend income	0.05	0.04
Profit on sale of fixed assets (net)	-	21.11
Provision no longer required written back	27.74	-
Net gain on foreign currency transactions/translations	101.43	22.49
Other non-operating income	140.63	207.18
	392.49	491.54

	Year ended March 31, 2012 Rs.Lacs	Year ended March 31, 2011 Rs.Lacs
22 Cost of materials consumed		
Inventory at the beginning of the year	-	-
Add : Purchases	7,482.43	9,741.62
	7,482.43	9,741.62
Less : Inventory at the end of the year	-	-
Cost of materials consumed	7,482.43	9,741.62
Details of materials consumed:		
Green leaf	1,305.90	1,927.65
Bought latex and sheets	5,871.34	7,760.92
Tea used for blending	305.19	53.05
	7,482.43	9,741.62
23 Purchase of stock-in-trade		
Cenex	1,634.78	1,584.56
Fruits, spices and others	266.62	268.17
	1,901.40	1,852.73
24 Changes in inventories of finished goods		
Inventory at the end of the year		
Tea	709.92	1,178.82
Rubber	162.04	290.08
	871.96	1,468.90
Inventory at the beginning of the year		
Tea	1,178.82	2,048.82
Rubber	290.08	97.18
	1,468.90	2,146.00
	596.94	677.10
25 Employee benefits expenses		
Salaries and wages	9,016.61	7,902.93
Contribution to Provident Fund	824.12	807.09
Contribution to Superannuation Fund	70.88	55.44
Gratuity	979.71	699.19
Staff welfare expenses	249.27	254.72
	11,140.59	9,719.37

25.1 In keeping with the Company's gratuity scheme (an unfunded defined benefit plan), eligible employees are entitled for gratuity benefit (as per the Payment of Gratuity Act, 1972) on retirement/death/incapacitation/ termination. Also refer note 1.11 (ii) (c) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity:-



					Rs. Lacs	
		2011-12	2010-11	2009-10	2008-09	2007-08
1	Present value of obligation at the beginning of the year	2,116.00	1,962.75	1,782.84	1,463.99	635.20
	Interest cost	153.95	135.61	117.89	78.00	31.47
	Transitional liability	-	-	-	-	999.81
	Current service cost	285.64	284.10	267.89	143.00	119.00
	Benefits paid	(390.72)	(545.94)	(429.09)	(343.15)	(503.28)
	Actuarial loss	540.12	279.48	223.22	441.00	181.79
	Present value of obligation at the end of the year	2,704.99	2,116.00	1,962.75	1,782.84	1,463.99
2	Fair value of plan assets at the beginning of the year					
	Expected return on plan assets	-	-	-	-	-
	Contributions	-	-	-	-	-
	Benefits paid	-	-	-	-	-
	Actuarial gain / (loss) on plan assets	-	-	-	-	-
	Fair value of plan assets at the end of the year	-	-	-	-	-
3	Amounts recognized in the Balance Sheet					
	Present value of obligation as at the end of the year	2,704.99	2,116.00	1,962.75	1,782.84	1463.99
	Fair value of plan assets at the end of the year	-	-	-	-	-
	Liability recognized in the balance sheet	2,704.99	2,116.00	1,962.75	1,782.84	1,463.99
4	Amounts recognized in the Statement of Profit and Loss					
	Current service cost	285.64	284.10	267.89	143.00	119.00
	Interest cost	153.95	135.61	117.89	78.00	31.47
	Expected return on plan assets	-	-	-	-	-
	Actuarial loss	540.12	279.48	223.22	441.00	181.79
	Expenses recognized in the Statement of Profit and Loss. (Reffer Note 25)	979.71	699.19	609.00	662.00	332.26
5	Principal actuarial assumptions					
	Discount rate	8.00%	8.00%	7.50%	6.00%	8.00%
	Salary escalation	5.00%	5.00%	5.00%	4.00%	4.00%
	Attrition rate	3.00%	3.00%	3.00%	3.00%	No explicit assumption

The estimation of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

- 25.2** Contributions towards provident funds are recognised as expense for the year. The Company has set up Provident Fund Trust 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 Trust invests funds following a pattern of investments prescribed by the Government. The interest rate payable to the members of the Trust is not lower than the rate of interest declared annually by the Government under The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall, if any, on account of interest is to be made good by the Company.

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

Unlike in earlier years, the Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Project Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the balance sheet date. Further during the year, the Company's contribution of Rs.15.75 lacs (Previous year – Rs.12.71 lacs) to the Provident Fund Trust has been expensed under the "Contribution to Provident Fund". Disclosures given hereunder are restricted to the information available as per the Actuary's report.

Principal Actuarial Assumptions	2011-12
Discount Rate	8.00%
Expected Return on Exempted Fund	9.40%
Expected EPFO Return	8.60%

However, in the absence of a Guidance Note from the Institute of Actuaries of India in earlier year, such exercise was not carried out and related information has not been disclosed in respect of earlier years.

25.3	Amount recognised as expense during the year for defined contribution plans :	2011-12	2010-11
	Contribution to Provident Fund (included in Contribution to Provident Fund in Note 25)	808.37	794.38
	Contribution to Superannuation Fund (Refer Note 25)	70.88	55.44

26 Other expenses

	Year ended March 31, 2012 Rs.Lacs	Year ended March 31, 2011 Rs.Lacs
Consumption of Stores and Spare Parts (Refer note 30)	2,011.19	2,027.72
Consumption of Packing material (Refer note 31)	535.97	712.20
Engineering Contract Cost - Materials and Other Expenses	1,878.79	2,780.16
Contract Cost	1,068.80	995.16
Power and Fuel	1,660.34	1,490.91
Rent	157.08	126.75
Rates and Taxes	105.30	102.42
Repairs and Maintenance		
Buildings	240.40	228.02
Plant and Machinery	140.06	151.66
Others	42.50	61.85
Insurance	57.83	56.43
Tea Cess	69.20	47.82
Replanting Expenses *	1,835.47	1,428.01
Travelling and Conveyance	485.34	529.67
Brokerage and Discount	124.84	142.31
Commission to Selling agent	15.56	18.29
Advertisement and Selling expenses	5.24	44.32
Freight, Shipping, Transport and other charges	700.77	557.66
Directors' Sitting Fees	4.00	4.55
Provision for contingencies	52.00	240.00
Provision for Doubtful Debts/ Advances (net of recovery)	31.39	55.63
Loss on sale of fixed assets (Net)	3.16	-
Miscellaneous Expenses	1,161.65	1,086.63
	12,386.88	12,888.17



* Replanting expense includes material consumption and wages of Rs.458.17 lacs (previous year - Rs.408.75 lacs) and Rs. 854.60 lacs (Previous year- Rs.664.91 lacs) respectively.

	Year ended March 31, 2012 Rs.Lacs	Year ended March 31, 2011 Rs.Lacs
27 Finance Costs		
Interest expense	1,646.68	1,421.97
Other borrowing cost	41.74	150.80
	1,688.42	1,572.77

28 Contingent Liabilities and commitments

Contingent Liabilities :

28.1 Claims against the Company not acknowledged as debt

i.	Employee related	468.19	352.38
ii.	Penalties under section 14B of Employees' Provident Fund Miscellaneous Provisions Act 1952	146.04	95.59
iii.	Disputed Income Tax matters	469.14	323.67
iv.	Disputed Sales Tax matters	-	61.53
v.	Customs duty payable pending fulfillment of export obligation	-	23.50
vi.	The Government of Kerala had issued a notification in February 2006, enhancing the minimum wages of plantation workers which has been challenged by the Association of Planters of Kerala of which the Company was a member and an interim stay was granted by the High Court of Kerala. As the Company resigned from Association of Planters of Kerala with effect from 12.02.2007, a separate writ petition was filed and an interim stay of the Government Notification obtained.	348.49	382.75

28.2 No adjustment has been made in the accounts in respect of :

- An area of 335 hectares (approximately) declared to be vested with the Government of Tamil Nadu under the provisions of the Gudalur Jenmam Estate (Abolition and Conversion into Ryotwari) Act, 1969 as this has been disputed by the company.
- An area of 1050 hectares (approximately) deemed to have been vested with the Government of Kerala pursuant to Kerala Private Forests (Vesting and Assignment) Act, 1971, as the Company's claim for the exclusion of the area from the purview of the Act has been upheld by the Forest Tribunal, Palghat.
- An area of 2588 hectares (approximately) liable to be surrendered to the Government of Kerala under the Kerala Private Forests (Vesting and Assignment) Act, 1971, as the appeals relating to this area are pending before High Court of Kerala.
- The Vythiri Taluk Land Board's order directing the Company to surrender 707 hectares (approximately) as excess land under the Kerala Land Reforms Act, 1963 has been set aside by the High Court of Kerala on a revision petition filed by the Company and the matter has been remanded to the Taluk Land Board, Vythiri for fresh consideration and disposal.
- An area of 415 hectares (approximately) held to be surplus under the Tamil Nadu Land Reforms (Fixation of Ceiling on Land) Act, 1961 as the Special Land Tribunal, Madras has remanded the matter for fresh consideration by the Authorised Officer, Coimbatore.
- An area of 1460.101 hectares (approximately) in respect of which cases filed by Janmies (original owners) of Lahai, Koney and Arrapetta Estates challenging the validity of the lease is pending before the Sub-Court, Pathanamthitta and Sub-Court, Sulthan Bathery.
- An area of 22.45 hectares (approximately) resumed by the Government of Kerala, as the Company's Writ Petition challenging the resumption order is pending before the High Court of Kerala.
- An area of 304 hectares (approximately) re-notified as vested forests by the Government of Kerala as the Company's Writ Petition challenging the notification is pending before the High Court of Kerala.
- An area of 4896.65 acres of Mooply Valley estates notified by the Government of Kerala for resumption alleging violation of lease conditions as proceedings has been stayed by the Sub Court, Irinjalakuda.

		Year ended March 31, 2012 Rs.Lacs	Year ended March 31, 2011 Rs.Lacs
28.3 Commitments :			
Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advance payments of Rs.75.68 lacs (Previous year Rs.25.25 lacs)		80.37	128.54
29. Amount paid/ payable to auditors			
As auditors			
Statutory Audit Fee		26.00	20.00
Tax Audit Fee		4.00	4.00
Limited Review Fee		8.75	6.75
Other Services		3.00	7.50
Reimbursement of expenses		0.91	1.00
		42.66	39.25
30. Stores and spares consumed			
	Year ended March 31, 2012 As a % of consumption	Rs.Lacs	Year ended March 31, 2012 As a % of consumption
Indigenous	99.96%	2,010.43	98.56%
Imported	0.04%	0.76	1.44%
		2,011.19	2,027.72
31 Packing material consumed			
Indigenous	97.47%	522.43	96.97%
Imported	2.53%	13.54	3.03%
		535.97	712.20
32 Dividend remitted during the year in Foreign Currency			
Number of non resident shareholders		1	1
Number of equity shares on which dividend was due		3,640,000	3,640,000
Dividend remitted - Rs in Lacs		54.60	72.80
Year to which dividend relates		2010-11	2009-10
33 Expenditure in Foreign Currency			
Travelling		33.83	43.39
Selling Commission		6.62	18.29
Others		7.54	4.02
		47.99	65.70
34 Value of Imports on C.I.F. Basis			
Capital Goods		67.64	24.14
Stores and Spare Parts		0.76	29.30
Packing material		33.68	21.61
		102.08	75.05
35. Earnings in Foreign Currency			
FOB value of Exports		3,427.56	2,251.46



	Year ended March 31, 2012 Rs.Lacs	Year ended March 31, 2011 Rs.Lacs
36 Disclosure relating to Construction Contracts		
Contract revenue recognised during the year	2,232.44	3,265.89
Disclosure regarding Contracts in progress		
Aggregate amount of costs incurred and recognised profits up to March 31	3,422.05	2,854.28
Advances received	-	168.47
Retention money	301.34	180.73
Gross amount due from customers	1,150.35	1,429.88

37 Segment Reporting

The Company has considered business segments as the primary segment and geographical segments as the secondary segments. The business segments are: Tea, Rubber, Engineering and others which have been identified taking into account the organisational structure as well as the differing risks and returns of these segments. Other segments comprise of Plant Tissue Culture, Clearing and Shipping, Fruits, Spices and others and Wyanaad Medical Fund. The geographical segments are identified on the basis of the location of customers.

(a) Primary Segment Information - By Business Segments *

	Rs. Lacs				
Description	Tea	Rubber	Engineering	Other	Total
External Sales	12,525.00 (12,780)	21,018.00 (20,205)	2,232.00 (3,266)	723.91 (846)	36,498.91 (37,097)
Inter-segment Sales	- -	- -	- -	- -	- -
Segment Revenue	12,525.00 (12,780)	21,018.00 (20,205)	2,232.00 (3,266)	723.91 (846)	36,498.91 (37,097)
Segment Result - Profit/(Loss)	(-)3222.90 (-)(2986)	5,737.60 (4,402)	29.00 (177)	58.00 (113)	2,601.70 (1,706)
Less: Interest Expenses					1,646.68 (1,422)
Add: Unallocated income [net of unallocated expenditure NIL (Previous year NIL)]					90.53 (241)
Profit before Tax					1,045.55 (525)
Less : Income Taxes					574.18 (130)
Profit after Tax					471.37 (395)
Other Information					
Segment Assets	37,095.30 (36,819)	12,373.71 (12,094)	1,861.02 (2,106)	214.01 (240)	51,544.04 (51,259)
Unallocated Assets	-	-	-	-	-
Total Assets					51,544.04 (51,259)
Segment Liabilities	3,526.12 (3,447)	4,410.31 (2,628)	299.00 (412)	112.88 (110)	8,348.31 (6,597)
Unallocated Liabilities					11,297.14 (12,913)

					Rs. Lacs
Description	Tea	Rubber	Engineering	Other	Total
Total Liabilities					19,645.45 (19,510)
Segment Capital Expenditure	729.29 (669)	87.10 (233)	17.91 (121)	50.22 (28)	884.52 (1,051)
Segment Depreciation	473.71 (446)	145.18 (141)	26.35 (21)	3.95 (3)	649.19 (611)
Segment non-cash expense other than depreciation	- (18)	- (27)	31.39 (11)	- -	31.39 (56)

(b) Secondary Segment information - By Geographical Segments *

			Rs. Lacs
Description	India	Outside India	Total
External Sales	32,893.72 (34,567)	3,605.19 (2,530)	36,498.91 (37,097)
Segment Assets	51,091.75 (51,068)	452.29 (191)	51,544.04 (51,259)
Segment Capital Expenditure	884.52 (1,051)	- -	884.52 (1,051)

All operating facilities are located in India.

* Figures in bracket represent previous year's figures

38 Related Party Disclosures

a List of Related Parties where control exists (Wholly Owned Subsidiaries)

HML Engineering Company Limited (HECL) effective June 6, 2011

Enchanting Plantations Limited (EPL) effective February 8, 2012

Harmony Plantations Limited (HPL) effective February 12, 2012

Malayalam Plantations Limited (MPL) effective November 11, 2011

b Key management personnel

Mr. Pankaj Kapoor (Managing Director)

c Related party transactions

Rs. Lacs

Description	Subsidiary Companies		Key Management Personnel	
	2012	2011	2012	2011
Transaction during the year				
Purchase of shares in subsidiaries				
HML Engineering Company Limited	5.00	-	-	-
Enchanting Plantations Limited	10.00	-	-	-
Harmony Plantations Limited	5.00	-	-	-
Malayalam Plantations Limited	5.00	-	-	-



Rs. Lacs

Description	Subsidiary Companies		Key Management Personnel	
	2012	2011	2012	2011
Sale of shares in subsidiaries				
Malayalam Plantations Limited	5.00	-	-	-
Re-imbursement of Expenses				
HML Engineering Company Limited	0.67	-	-	-
Enchanting Plantations Limited	0.04	-	-	-
Harmony Plantations Limited	0.04	-	-	-
Malayalam Plantations Limited	0.03	-	-	-
Remuneration	-	-	93.10	89.25
Balance as at year end				
Investment in subsidiaries				
HML Engineering Company Limited	5.00	-	-	-
Enchanting Plantations Limited	10.00	-	-	-
Harmony Plantations Limited	5.00	-	-	-
Advances recoverable				
HML Engineering Company Limited	0.67	-	-	-
Enchanting Plantations Limited	0.04	-	-	-
Harmony Plantations Limited	0.04	-	-	-
Malayalam Plantations Limited	0.03	-	-	-
Amount due to Managing Director	-	-	-	3.23

39. Earnings Per Share

Particulars	2012	2011
Profit after tax (Rs in lacs)	471.37	394.93
Number of equity shares at the beginning of the year	18,455,405	18,455,405
Number of equity shares at the end of the year	18,455,405	18,455,405
Weighted average number of equity shares outstanding	18,455,405	18,455,405
Nominal Value of each equity share (Rs.)	10.00	10.00
Basic and diluted earnings per share (Rs.)	2.55	2.14

40. Change in Accounting Estimate

During the year the Company has reassessed the useful life of depreciable fixed assets based on economic benefits derived from these assets. Based on this reassessment, depreciation rate for Furniture and Fittings has been revised from 18.10% to 33.33% (under written down value method). As a result of this change, the depreciation charge has increased by Rs.9.28 lacs with corresponding impact on the profit for the year.

41. Taxation

- The Company is liable to pay Minimum Alternate Tax under section 115JB of the Income Tax Act, 1961 based on which the current tax has been computed and provided in the accounts.
- No provision for Agricultural Income Tax has been considered necessary in view of the carry forward losses.

- c The Company has not recognised any Deferred Tax Asset in respect of unabsorbed depreciation/ brought forward losses and other timing differences in accordance with Accounting Standard 22 "Accounting for Taxes on Income" in the absence of virtual/ reasonable certainty that sufficient future taxable income will be available against which such asset could be realised.
 - d The company has not recognized MAT credit on a prudent basis in the absence of reasonable certainty that sufficient future tax profit against which such credit could be realised.
- 42.** The Company in its Board meeting dated May 15, 2012 has decided to obtain the consent of its shareholders by way of postal ballot for transferring its Engineering Division to its wholly owned subsidiary HML Engineering Company Limited and the same has been subsequently sanctioned by the shareholders. Also refer note 37 for results and capital employed of the Engineering Division.
- 43.** The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per the Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for the previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

Signatories to Notes
For and on behalf of the Board

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Pinaki Chowdhury
Partner
Membership No. 057572

Ravi A.
Company Secretary

Chennai
August 14, 2012

Kolkata
August 14, 2012



Auditors' Report on the Consolidated Financial Statements of Harrisons Malayalam Limited

The Board of Directors of Harrisons Malayalam Limited

1. We have audited the attached consolidated balance sheet of Harrisons Malayalam Limited (the "Company") and its subsidiary; hereinafter referred to as the "Group" (refer Note 35.1 to the attached consolidated financial statements) as at March 31, 2012, the related consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiary included in the consolidated financial statements, which constitute total assets of Rs 4.87 lakhs and net assets of Rs 4.76 lakhs as at March 31, 2012, total revenue of Rs. Nil, net loss of Rs 0.91 lakhs and net cash flows amounting to Rs 4.87 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditor whose report has been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditor.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Based on our audit and on consideration of reports of other auditor on separate financial statements and on the other financial information of the component of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date: and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Price Waterhouse**
Firm Registration Number: 301112E
Chartered Accountants

Chennai
August 14, 2012

Pinaki Chowdhury
Partner
Membership Number :057572

Consolidated Balance Sheet as at March 31, 2012

	Note	As at March 31, 2012 Rs. Lacs
EQUITY AND LIABILITIES		
Shareholders' Fund		
Share Capital	3	1,845.43
Reserves and Surplus	4	30,052.25
		<u>31,897.68</u>
Non-current Liabilities		
Long term borrowings	5	6,300.86
Long term provisions	6	2,819.87
		<u>9,120.73</u>
Current Liabilities		
Short term borrowings	7	2,710.42
Trade payables	8	1,229.49
Other current liabilities	9	4,974.51
Short term provisions	10	1,610.41
		<u>10,524.83</u>
Total		<u><u>51,543.24</u></u>
ASSETS		
Non current assets		
Fixed assets	11	
Tangible assets		42,614.13
Capital Work in progress		53.35
Non current investments	12	1.04
Long term loans and advances	13	804.36
Other non current assets	14	313.28
		<u>43,786.16</u>
Current assets		
Current investments	15	15.05
Inventories	16	1,889.35
Trade receivables	17	1,285.38
Cash and bank balances	18	1,443.73
Short term loans and advances	19	1,760.32
Other current assets	20	1,363.25
		<u>7,757.08</u>
Total		<u><u>51,543.24</u></u>

The notes are an integral part of these consolidated Financial Statements

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

For and on behalf of the Board

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Pinaki Chowdhury
Partner
Membership No. 057572
Chennai
August 14, 2012

Ravi A.
Company Secretary

Kolkata
August 14, 2012



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

	Note	Year ended March 31, 2012 Rs. Lacs
Revenue from operations	21	36,498.91
Other income	22	392.49
Total revenue		36,891.40
Expenses		
Cost of materials consumed	23	7,482.43
Purchases of stock in trade	24	1,901.40
Changes in inventories of finished goods	25	596.94
Employee benefits expenses	26	11,140.59
Other expenses	27	12,387.79
Depreciation expenses	11	649.19
Finance cost	28	1,688.42
Total expenses		35,846.76
Profit before tax		1,044.64
Tax Expenses		
Current Tax		
For current year		(505.00)
For earlier years		(69.18)
Profit for the year		470.46
Earnings per equity share	33	
Equity shares of par value Rs.10/- each		
Basic and diluted (Rs.)		2.55

The notes are an integral part of these consolidated Financial Statements

This is the Consolidated Statement of Profit and Loss referred to in our Report

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Pinaki Chowdhury
Partner
Membership No. 057572

Chennai
August 14, 2012

For and on behalf of the Board

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Ravi A.
Company Secretary

Kolkata
August 14, 2012

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

		For the year ended March 31, 2012 (Rs.Lacs)
Cash Flow from Operating Activities		
Profit Before Tax		1,044.64
Adjustments for		
Depreciation	649.19	
Dividend Income	(0.05)	
Interest Income	(122.64)	
Interest Expense	1,646.68	
Provision for Doubtful Debts/ Advances (net of recovery)	31.39	
Provisions no longer required written back	(27.74)	
Unrealised foreign currency gain	(10.43)	
Loss on Sale of Fixed Assets (net)	3.16	
		<u>2,169.56</u>
Operating Profit before Working Capital changes		3,214.20
Decrease in Inventories	696.44	
(Increase) in Trade Receivables	(81.06)	
(Increase) in Loans and Advances/ Other Current Assets	(428.03)	
Increase in Trade payables and Other Current Liabilities	1,365.76	
		<u>1,553.11</u>
Cash Generated from Operations		4,767.31
Income Tax (net of refund)		(558.63)
Net Cash from Operating Activities (A)		<u>4,208.68</u>
Cash Flow from Investing Activities		
Purchase of Tangible Assets		(884.52)
Sale of Tangible Assets		41.01
Purchase of current investment		(20.01)
Interest Received		100.32
Dividend Income from Investments		0.05
Sale of non-current Investments		0.04
Sale of current Investments		5.00
Net Cash (used in) Investing Activities (B)		<u>(758.11)</u>
Cash Flow from Financing Activities		
Proceeds from Long-term Borrowings		2,137.32
Repayment of Long-term Borrowings		(3,268.12)
Net decrease in Short-term Borrowings		(60.68)
Interest Paid		(1,679.40)
Dividend Paid (including tax on dividend Rs.45.98 Lacs)		(315.35)
Net Cash (used in) Financing Activities (C)		<u>(3,186.23)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		264.34
Cash and Cash Equivalents at the beginning of the year		813.90
Cash and Cash Equivalents at the close of the year (Note 2 below)		<u>1,078.24</u>

Notes :

1. The above Cash Flow Statement has been prepared under indirect method set out in the Accounting Standard (AS) 3 Cash Flow Statement.
2. Cash and Cash Equivalents (Refer note 18 to financial statements) include Unpaid Dividend not available for use by the Company of Rs.48.26 Lacs
3. This being first year of Consolidation (Refer note 36 to the Consolidated Financial Statements) previous year's figures are not applicable

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

For and on behalf of the Board

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Pinaki Chowdhury
Partner
Membership No. 057572
Chennai
August 14, 2012

Ravi A.
Company Secretary

Kolkata
August 14, 2012



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

Significant Accounting Policies

1 PRINCIPLES OF CONSOLIDATION

Consolidated financial statements relate to Harrisons Malayalam Limited, the Parent Company and its subsidiary (the 'group'). The consolidated financial statements are in conformity with the Accounting Standard-21 on Consolidated Financial Statements prescribed under the Companies Act, 1956 of India (the 'Act') and are prepared as set out below :

- i) The financial statements of the Parent Company and its subsidiary have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, as applicable, after adjustments / elimination of inter-company balances, transactions including unrealized profits on inventories etc, if any.
- ii) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent required and possible, in the same manner as the Parent Company's separate financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

These Consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts (refer note 2.3). These financial statements have been prepared to comply, in all material respects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended]

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle. 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 current - non current classification of assets and liabilities.

2.2 Use of estimates

The preparation of the financial statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

2.3 Fixed Assets and Depreciation

Revalued fixed assets (land and development) are stated at revalued amounts (market value as on June 30, 1990 and April 1, 2009 based on revaluation carried out by independent valuers) and additions/deletions thereto since then at cost, less accumulated depreciation and impairment losses, if any.

Other fixed assets are stated at cost less accumulated depreciation and impairment losses, if any.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Cost includes inward freight, non refundable duties/ taxes and expenses incidental to acquisition/installation.

Expenses relating to new planting of tea are capitalised.

Fixed assets other than land and development are depreciated under the written down value method in the manner and at the rates specified in Schedule XIV of the Companies Act, 1956, except for Furniture and Fittings which are depreciated at 33.33%. No depreciation is charged on the land and development. Assets costing individually Rs.5000 and below are fully depreciated in the year of addition.

2.4 Impairment

The carrying amounts of fixed assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of fixed assets of cash generating unit exceeds the recoverable amount (i.e. higher of net selling price and value in use). In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amounts of the assets over their remaining useful lives.

2.5 Investments

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the long term investments. Current investments are stated at lower of cost and fair value. Fair value is determined on the basis of realisable or market value.

2.6 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined on weighted average basis and includes expenditure incurred in the normal course of business in bringing inventories to its location and condition, labour and overhead, where applicable. Inventories are written down for obsolete/slow moving/non moving items wherever necessary.

2.7 Foreign Currency Transactions

Foreign currency transactions are recorded at rates prevailing on the date of the respective transactions. At the year end monetary assets and liabilities denominated in foreign currencies are restated at the closing exchange rates. The resultant exchange differences arising from settlement of foreign currency transactions and from the year end restatement are recognised in the Statement of Profit and Loss.

2.8 Revenue Recognition

Revenue from sale of tea at auction is recognised on receipt of sale note from brokers. Revenue from sale of tea other than at auction and from sale of rubber is recognised on transfer of ownership in goods in accordance with the terms of sale. Revenue from sale of rubber/ grevillea trees is recognised at the point of felling and removing the trees from the estates.

Revenue from fixed price construction contracts is recognised on the percentage of completion method based on the proportion of contract cost incurred for work performed up to reporting date bears to the estimated total contract cost. Total cost of the contracts are estimated based on technical and other estimates. Profit on such contracts is recognised not exceeding the overall contract margin. All foreseeable losses on contracts are provided for.

2.9 Derivative Contracts

Forward exchange contracts outstanding as at the year end on account of firm commitment / highly probable forecast transactions are marked to market and the losses (net), if any, are recognised in the Statement of Profit and Loss and gains (net) are ignored in accordance with the Announcement of Institute of Chartered Accountants of India on "Accounting for Derivatives" issued in March 2008.

2.10 Accounting for Government Grants

Revenue subsidy receivable from Tea Board towards manufacture of orthodox tea is accrued on despatch of orthodox tea.

Revenue subsidy receivable from Tea Board towards replanting activities undertaken is accounted on sanction of such subsidy by the Tea Board.

Capital subsidy from Tea Board and Rubber Board is adjusted against the cost of specific depreciable assets on receipt of such subsidy.

2.11 Employee Benefits

i) Short Term

Short term employee benefits (i.e., benefits falling due within one year after the end of the period in which the employees render the related service) are recognised as expense in the period in which employee services are rendered as per the Group's schemes based on expected obligations on undiscounted basis.

ii) Post Retirement

Post-retirement benefits comprise of provident fund, superannuation and gratuity which are accounted for as follows:

a) Provident fund

For certain category of employees of the parent Company this is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Parent Company has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.



Certain category of employees of the parent Company receive provident fund benefits, which are administered by the Provident Fund Trust setup by the Parent Company. Aggregate contributions along with interest thereon are paid at retirement, death, incapacitation or termination of employment. Both the employees and the Parent Company make monthly contributions at specified percentage of the employee's salary to such Provident Fund Trust. The Parent Company has an obligation to fund any shortfall in return on plan assets over the interest rates prescribed by the authorities from time to time. In view of the Parent Company's obligation to meet the shortfall this is a defined benefit plan. Actuarial valuation of the Parent Company's liability under such scheme is carried out under the Projected Unit Credit Method at the year end and the charge/ gain, if any, is recognised in the Statement of Profit and Loss. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income/ expense.

b) Superannuation

This is a defined contribution plan. The Parent Company contributes as per the scheme to superannuation fund administered by Life Insurance Corporation of India (LIC). The Parent Company has no further obligations for future superannuation benefits other than its annual contributions and recognises such contributions as expense in the period in which the related employee services are rendered.

c) Gratuity

This is a defined benefit plan. Provision is based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains / losses are recognised immediately in the Statement of Profit and Loss as income or expense.

(iii) Other Long term :

Compensated absences

This is a defined benefit plan. Provision is based on year-end actuarial valuation using Projected Unit Credit Method. Actuarial gains/ losses are recognised immediately in the Statement of Profit and Loss as income or expense.

2.12 Replanting Expenses

Replanting expenses relating to Tea consequent to replacement are charged to revenue as and when incurred. All planting expenses relating to rubber is charged off.

2.13 Current and Deferred tax

Current tax is provided as the amount of tax payable in respect of taxable income for the period, measured using the applicable tax rates and tax laws. Deferred tax is provided on timing differences between taxable income and accounting income, measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only if there is virtual/ reasonable certainty, as applicable, in keeping with Accounting Standard 22 on 'Accounting for Taxes on Income', that there will be sufficient future taxable income available to realise such assets. Deferred Tax assets are reviewed for the appropriateness of their respective carrying amount at each Balance Sheet date.

2.14 Provisions and Contingent Liabilities

Provisions: Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when the Company has a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

3 Share Capital

		As at March 31, 2012
		Rs.Lacs
(i)	Authorised: 3,00,00,000 Equity Shares of Rs.10 each	3,000.00
(ii)	Issued, Subscribed and Paid up: 1,84,55,405 Equity Shares of Rs.10 each fully paid up	1,845.54
	Less: Allotment Money in Arrears	0.11
		1,845.43

4 Reserves and Surplus

Rs. Lacs

Reserves	Balance as at March 31, 2011	Additions	Deductions	Balance as at March 31, 2012
Capital Reserve				
Securities premium account	5,002.89	0.02	-	5,002.91
Fixed assets revaluation reserve	13,957.19	-	-	13,957.19
Other Reserves				
Reserve arising from amalgamation	291.33	-	-	291.33
Housing subsidy reserve	5.26	-	-	5.26
General Reserve	1,664.25	23.57	-	1,687.82
Total	20,920.92	23.59	-	20,944.51

Surplus in Statement of Profit and Loss	As at March 31, 2012	
Balance as at the beginning of the year		8,982.60
Add:		
Profit for the year as per Statement of Profit and Loss		470.46
Less: Appropriations		
Proposed Dividend on Equity Shares @ 15% (previous year @ 15%)	276.83	
Tax on dividends	44.92	
Transfer to General Reserve	23.57	345.32
Balance as at the end of the year		9,107.74
Total Reserves and Surplus		30,052.25

As at March 31, 2012
Rs.Lacs

5 Long term borrowings

Secured

Term loan

From Banks	7,173.61
From Others	241.78
	7,415.39
Less: Current maturities of Long Term Debt referred to in Note 9	(1,114.53)
	6,300.86



		As at March 31, 2012 Rs.Lacs
6	Long term provisions	
	Provision for employee benefits:	
	Provision for gratuity	2,309.00
	Provision for compensated absence	18.87
		<u>2,327.87</u>
	Other Provisions:	
	Contingency reserve#	492.00
		<u>2,819.87</u>
	#	
	Balance at the beginning of the year	440.00
	Provision made during the year	52.00
	Utilised / Reversed during the year	-
	Balance at the end of the year	<u>492.00</u>
	Provision for contingency represents the potential exposure on account of legal dispute. However nature of the provision has not been disclosed in detail, on the grounds that it is excepted to prejudice the interests of the Group.	
7	Short term borrowings	
	Secured	
	Cash credit from banks repayable on demand	2,710.42
8	Trade payables	
	Sundry Creditors	
	Due to Micro and Small Enterprises	31.60
	Others	1,197.89
		<u>1,229.49</u>
9	Other current liabilities	
	Current maturities of long term borrowings (Refer Note 5)	1,114.53
	Interest accrued and due on borrowings	11.63
	Unpaid dividends *	48.26
	Unclaimed matured deposits *	1.73
	Others :	
	Employee benefits payable	1,728.33
	Statutory dues	1,373.43
	Advance from customers	696.60
		<u>4,974.51</u>
	* There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of The Companies Act, 1956 as at the year end.	
10	Short term provisions	
	Provision for employee benefits:	
	Provision for gratuity	395.99
	Provision for compensated absence	54.72
	Others :	
	Provision for	
	Income tax (Net of advance tax of Rs. 13,544.33 Lacs; previous year Rs. 12,985.70 Lacs)	715.31
	Fringe benefit tax(Net of advance tax of Rs 92.42 Lacs; previous year Rs.92.42 Lacs)	122.64
	Proposed dividend	276.83
	Tax on proposed dividend	44.92
		<u>1,610.41</u>

Fixed Assets

Rs. Lacs

Description of Assets	Gross Block			Depreciation				Net Block
	Cost/ Valuation as at March 31, 2011	Additions	Disposals/ Adjustments	Cost/ Valuation as at March 31, 2012	As at March 31, 2011	For the year	On Disposals/ Adjustments	As at March 31, 2012
Tangible Assets								
Land and Development - Freehold and Leasehold (Note 1 below)	38,692.29	309.58	-	39,001.87	-	-	-	39,001.87
Buildings	3,396.45	38.02	0.62	3,433.85	2,042.97	90.98	0.51	2,133.44
Plant and Machinery (Note 2 below)	5,587.94	396.89	346.71	5,638.12	3,868.78	441.56	336.17	3,974.17
Furniture and Fittings	279.02	5.67	6.58	278.11	220.29	19.77	5.59	234.47
Water Supply	858.37	71.60	12.75	917.22	515.51	44.63	3.92	556.22
Vehicles	615.05	139.41	120.45	634.01	435.25	52.25	96.75	243.26
	49,429.12	961.17	487.11	49,903.18	7,082.80	649.19	442.94	42,614.13
Capital Work-In-Progress - at cost								53.35
								42,667.48

Notes :

- 1 Land and development includes
 - a) Certain leasehold lands the value of which is not separately ascertainable
 - b) Rs. 13,957.19 Lacs added on revaluation during 1990-1991 and credited to Fixed Assets Revaluation Reserve.
 - c) Rs. 22,739.61 Lacs added on revaluation during 2009-2010 and credited to Fixed Assets Revaluation Reserve. The credit to Fixed Assets Revaluation Reserve has been adjusted against the excess of liabilities over the assets taken over (Rs.21,233.80 lacs) and the carrying value of investments in the shares of the wholly owned subsidiary companies (Rs.1,218.91 lacs) and the balance amount of Rs.286.90 Lacs was transferred to Capital Reserve arising from amalgamation as per the scheme.
- 2 Plant and Machinery

Additions to Plant and Machinery is net of capital subsidy of Rs.72.30 lacs.



		As at March 31, 2012 Rs.Lacs
12	Non current investments	
	Long term At cost	
	Other than trade	
	Unquoted Investments	
	Investment in government securities	
	National Savings Certificates	0.04
	Treasury Savings Account	1.00
		<u>1.04</u>
13	Long term loans and advances	
	Un-secured and considered good	
	Capital Advances	75.68
	Electricity and other deposits	237.45
	Advance to workers	491.23
		<u>804.36</u>
14	Other non current assets	
	Un-secured and considered good	
	Margin money deposit with Banks having maturity more than 12 months	17.30
	Bank Deposit on lien	1.09
	Retention money	294.89
		<u>313.28</u>
15	Current investments	
	At lower of cost and fair value	
	Other than trade	
	Unquoted investment	
	(i) Investments in Equity shares of Subsidiaries (Refer Note 35.2)	
	100,000 Shares in Enchanting Plantations Limited	10.00
	50,000 Shares in Harmony Plantations Limited	5.00
	(ii) Investment in government securities	
	National Savings Certificates*	0.05
		<u>15.05</u>
	* This is long term investment in keeping with AS13 "Accounting for investments"	
16	Inventories	
	At lower of cost and net realisable value	
	Finished goods *	871.96
	Stores and spares #	777.62
	Raw (Construction) materials @	148.90
	Nurseries	90.87
		<u>1,889.35</u>
	* Particulars of closing inventories of Finished goods	
	Tea	709.92
	Rubber	162.04
		<u>871.96</u>

		As at March 31, 2012 Rs.Lacs
#	Stores and spares includes packing materials of Rs.147.73 lacs	
@	Particulars of closing inventories of Raw (Construction) materials	
	Torsteel	47.61
	Tiles	12.96
	Others	88.33
		<u>148.90</u>
17	Trade receivables	
	Unsecured	
	Outstanding for a period of more than six months from the due date of payment.	
	Considered good	104.36
	Considered doubtful	359.50
	Less: Provision for doubtful receivables	<u>(359.50)</u>
		104.36
	Other debts	
	Considered good	1,181.02
		<u>1,285.38</u>
18	Cash and Bank balances	
	Cash and cash equivalent	
	Cash on hand	15.44
	Balance with banks	
	On current accounts	1,014.54
	Unpaid dividend accounts *	<u>48.26</u>
		1,078.24
	Other bank balances	
	Margin money deposit with original maturity greater than 3 months and maturing within 12 months	365.49
		<u>1,443.73</u>
	* Earmarked for payment of unclaimed dividend	
19	Short term loans and advances	
	Un-secured and considered good	
	Advances to related parties	
	Subsidiaries (Refer Note 35.2)	0.11
	Advances to employees	71.29
	Advance to suppliers	317.48
	Balances with Government Authorities	1,112.69
	Prepaid expenses	122.30
	Claims recoverable	35.75
	Advances to body corporates/ trusts /individuals	<u>100.70</u>
		1,760.32
	Un-secured and considered doubtful	
	Balances with Government Authorities	27.14
	Advances to body corporates	<u>174.00</u>
		201.14
	Less: provision for doubtful advances	<u>(201.14)</u>
		<u>1,760.32</u>



		As at March 31, 2012 Rs.Lacs
20	Other current assets	
	Un-secured and considered good	
	Subsidy receivable	619.71
	Unbilled revenue	588.44
	Export Entitlement	132.78
	Interest accrued on bank deposits	22.32
		1,363.25
		Year ended March 31, 2012 Rs.Lacs
21	Revenue from operations	
	Sale of products *	30,366.70
	Sale of Services #	2,232.44
	Other operating revenues	
	Sale of Rubber/ Grevillea Trees	3,229.26
	Tea Board Subsidy	225.09
	Export entitlements	190.68
	Others	254.74
		36,498.91
	* Details of sale of products	
	Tea	12,004.26
	Rubber	17,676.03
	Fruits, Spices and others	550.80
	Green leaves	98.38
	Plant Tissue Culture sales	37.23
		30,366.70
	# Details of sale of services	
	Construction contracts (Refer Note 30)	2232.44
22	Other Income	
	Interest income on	
	Bank deposits and other deposits	32.09
	Non-current investments	0.02
	Income tax refund	90.53
	Dividend income	0.05
	Provision no longer required written back	27.74
	Net gain on foreign currency transactions/translations	101.43
	Other non-operating income	140.63
		392.49
23	Cost of materials consumed	
	Inventory at the beginning of the year	-
	Add : Purchases	7,482.43
		7,482.43
	Less : Inventory at the end of the year	-
	Cost of materials consumed	7,482.43

		Year ended March 31, 2012 Rs.Lacs
Details of materials consumed:		
	Green leaf	1,305.90
	Bought latex and sheets	5,871.34
	Tea used for blending	305.19
		7,482.43
24	Purchase of stock-in-trade	
	Cenex	1,634.78
	Fruits, spices and others	266.62
		1,901.40
25	Changes in inventories of finished goods	
Inventory at the end of the year		
	Tea	709.92
	Rubber	162.04
		871.96
Inventory at the beginning of the year		
	Tea	1,178.82
	Rubber	290.08
		1,468.90
		596.94
26	Employee benefits expenses	
	Salaries and wages	9,016.61
	Contribution to Provident Fund	824.12
	Contribution to Superannuation Fund	70.88
	Gratuity	979.71
	Staff welfare expenses	249.27
		11,140.59

26.1 In keeping with the Parent Company's gratuity scheme (an unfunded defined benefit plan), eligible employees are entitled for gratuity benefit (as per the The Payment of Gratuity Act, 1972) on retirement/death/incapacitation/ termination. Also refer note 2.11(ii) (c) for accounting policy relating to gratuity. Following are the further particulars with respect to gratuity:-

		Rs. Lacs
		2011-12
1	Present value of obligation at the beginning of the year	2,116.00
	Interest cost	153.95
	Current service cost	285.64
	Benefits paid	(390.72)
	Actuarial loss	540.12
	Present value of obligation at the end of the year	2,704.99



		Rs. Lacs
		2011-12
2	Fair value of plan assets at the beginning of the year	
	Expected return on plan assets	-
	Contributions	-
	Benefits paid	-
	Actuarial gain / (loss) on plan assets	-
	Fair value of plan assets at the end of the year	-
3	Amounts recognized in the Balance Sheet	
	Present value of obligation as at the end of the year	2,704.99
	Fair value of plan assets at the end of the year	-
	Liability recognized in the balance sheet	2,704.99
4	Amounts recognized in the Statement of Profit and Loss	
	Current service cost	285.64
	Interest cost	153.95
	Expected return on plan assets	-
	Actuarial loss	540.12
	Expenses recognized in the Statement of Profit and Loss. (Refer Note 26)	979.71
5	Principal actuarial assumptions	
	Discount rate	8.00%
	Salary escalation	5.00%
	Attrition rate	3.00%

The estimation of future salary increase considered in actuarial valuation takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

- 26.2** Contributions towards provident funds are recognised as expense for the year. The Parent Company has set up Provident Fund Trust in respect of certain categories of employees which is administered by Trustees. Both the employees and the Parent Company make monthly contributions to the Funds at specified percentage of the employee's salary and aggregate contributions along with interest thereon are paid to the employees/nominees at retirement, death or cessation of employment. The Trust invests funds following a pattern of investments prescribed by the Government. The interest rate payable to the members of the Trust 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.15.75 lacs (Previous year – Rs.12.71 lacs) to the Provident Fund Trust has been expensed under the "Contribution to Provident Fund". Disclosures given hereunder are restricted to the information available as per the Actuary's report.

Principal Actuarial Assumptions

Discount Rate	2011-12
Expected Return on Exempted Fund	8.00%
Expected EPFO Return	9.40%
	8.60%

26.3 Amount recognised as expense during the year for defined contribution plans :	2011-12
Contribution to Provident Fund (included in Contribution to Provident Fund in Note 26)	808.37
Contribution to Superannuation Fund (Refer Note 26)	70.88

27 Other expenses

	Year ended March 31, 2012 Rs.Lacs
Consumption of Stores and Spare Parts	2,011.19
Consumption of Packing material	535.97
Engineering Contract Cost - Materials and Other Expenses	1,878.79
Contract Costs	1,068.80
Power and Fuel	1,660.34
Rent	157.08
Rates and Taxes	105.31
Repairs and Maintenance	
Buildings	240.40
Plant and Machinery	140.06
Others	42.50
Insurance	57.83
Tea Cess	69.20
Replanting Expenses*	1,835.47
Travelling and Conveyance	485.34
Brokerage and Discount	124.84
Commission to Selling agent	15.56
Advertisement and Selling expenses	5.24
Freight, Shipping, Transport and other charges	700.77
Directors' Sitting Fees	4.00
Provision for contingencies	52.00
Provision for Doubtful Debts/ Advances (net of recovery)	31.39
Loss on sale of fixed assets (net)	3.16
Miscellaneous Expenses	1,162.55
	12,387.79

* Replanting expense includes material consumption and wages of Rs. 458.17 lacs and Rs. 854.60 lacs respectively.

28 Finance Costs

Interest expense	1,646.68
Other borrowing cost	41.74
	1,688.42



Year ended
March 31, 2012
Rs.Lacs

29 Contingent Liabilities and commitments

Contingent Liabilities :

29.1 Claims against the Parent Company not acknowledged as debt

i.	Employee related	468.19
ii.	Penalties under section 14B of Employees' Provident Fund Miscellaneous Provisions Act 1952	146.04
iii.	Disputed Income Tax matters	469.14
iv.	The Government of Kerala had issued a notification in February 2006, enhancing the minimum wages of plantation workers which has been challenged by the Association of Planters of Kerala of which the Company was a member and an interim stay was granted by the High Court of Kerala. As the Company resigned from Association of Planters of Kerala with effect from 12.02.2007, a separate writ petition was filed and an interim stay of the Government Notification obtained.	348.49

29.2 No adjustment has been made in the accounts in respect of :

- a An area of 335 hectares (approximately) declared to be vested with the Government of Tamil Nadu under the provisions of the Gudalur Jenmam Estate (Abolition and Conversion into Ryotwari) Act, 1969 as this has been disputed by the company.
- b An area of 1050 hectares (approximately) deemed to have been vested with the Government of Kerala pursuant to Kerala Private Forests (Vesting and Assignment) Act, 1971, as the claim for the exclusion of the area from the purview of the Act has been upheld by the Forest Tribunal, Palghat.
- c An area of 2588 hectares (approximately) liable to be surrendered to the Government of Kerala under the Kerala Private Forests (Vesting and Assignment) Act, 1971, as the appeals relating to this area are pending before High Court of Kerala.
- d The Vythiri Taluk Land Board's order directing the Company to surrender 707 hectares (approximately) as excess land under the Kerala Land Reforms Act, 1963 has been set aside by the High Court of Kerala on a revision petition filed by the Company and the matter has been remanded to the Taluk Land Board, Vythiri for fresh consideration and disposal.
- e An area of 415 hectares (approximately) held to be surplus under the Tamil Nadu Land Reforms (Fixation of Ceiling on Land) Act, 1961 as the Special Land Tribunal, Madras has remanded the matter for fresh consideration by the Authorised Officer, Coimbatore.
- f An area of 1460.101 hectares (approximately) in respect of which cases filed by Janmies (original owners) of Lahai, Koney and Arrapetta Estates challenging the validity of the lease is pending before the Sub-Court, Pathanamthitta and Sub-Court, Sulthan Bathery.
- g An area of 22.45 hectares (approximately) resumed by the Government of Kerala, as the Company's Writ Petition challenging the resumption order is pending before the High Court of Kerala.
- h An area of 304 hectares (approximately) re-notified as vested forests by the Government of Kerala as the Company's Writ Petition challenging the notification is pending before the High Court of Kerala.
- i An area of 4896.65 acres of Mooply Valley estates notified by the Government of Kerala for resumption alleging violation of lease conditions as proceedings has been stayed by the Sub Court, Irinjalakuda.

29.3 Commitments :

Estimated amount of contracts remaining to be executed on Capital Account and not provided for, net of advance payments of Rs.75.68 lacs	80.37
--	-------

30 Disclosure relating to Construction Contracts

Contract revenue recognised during the year	2,232.44
Disclosure regarding Contracts in progress	
Aggregate amount of costs incurred and recognised profits up to March 31, 2012	3,422.05
Retention money	301.34
Gross amount due from customers	1,150.35

32 Related Party Disclosures

a List of Related Parties where control exists (Wholly Owned Subsidiaries) (Refer Note No. 35.2)

Enchanting Plantations Limited (EPL) effective February 8, 2012
Harmony Plantations Limited (HPL) effective February 12, 2012
Malayalam Plantations Limited (MPL) effective November 11, 2011

b Key management personnel

Mr. Pankaj Kapoor (Managing Director of Parent Company)

c Related party transactions

Rs. Lacs

Description	Subsidiary Companies	Key Management Personnel
	2011-12	2011-12
Transaction during the year		
Purchase of shares in subsidiaries		
Enchanting Plantations Limited	10.00	-
Harmony Plantations Limited	5.00	-
Malayalam Plantations Limited	5.00	-
Sale of shares in subsidiaries		
Malayalam Plantations Limited	5.00	-
Re-imbursement of Expenses		
Enchanting Plantations Limited	0.04	-
Harmony Plantations Limited	0.04	-
Malayalam Plantations Limited	0.03	-
Remuneration	-	93.10
Balance as at year end		
Investment in subsidiaries		
Enchanting Plantations Limited	10.00	-
Harmony Plantations Limited	5.00	-
Advances recoverable		
Enchanting Plantations Limited	0.04	-
Harmony Plantations Limited	0.04	-
Malayalam Plantations Limited	0.03	-



Year ended
March 31, 2012
Rs.Lacs

33 Earnings Per Share

Particulars

Profit after tax (Rs in lacs)	470.46
Number of equity shares at the beginning of the year	18,455,405
Number of equity shares at the end of the year	18,455,405
Weighted average number of equity shares outstanding	18,455,405
Nominal Value of each equity share (Rs.)	10.00
Basic and diluted earnings per share (Rs.)	2.55

34 Change in Accounting Estimate

During the year the Parent Company has reassessed the useful life of depreciable fixed assets based on economic benefits derived from these assets. Based on this reassessment, depreciation rate for Furniture and Fittings has been revised from 18.10% to 33.33% (under written down value method). As a result of this change , the depreciation charge has increased by Rs.9.28 lacs with corresponding impact on the profit for the year.

- 35.1** The subsidiary [which along with Harrisons Malayalam Limited (Parent Company) constitute the Group] considered in the preparation of these Consolidated Financial Statements is :

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at 31.03.12
HML Engineering Company Ltd (effective June 6, 2011)	India	100%

- 35.2** Following subsidiaries (including step down subsidiary) of the Parent Company have not been considered for the purpose of these Consolidated Financial Statements as the control is intended to be temporary because these subsidiaries have been formed and held exclusively for restructuring purposes.

Enchanting Plantations Limited
Harmony Plantations Limited
Malayalam Plantations Limited (Step down)

Pursuant to the said restructuring in keeping with the related scheme of Arrangment/ Amalgamation, these subsidiaries will not remain as subsidiaries to Harrisons Malayalam Limited (Parent Company). Investments in these subsidiaries have been accounted for in accordance with Accounting Standard 13- 'Accounting for Investments' in these consolidated financial statements.

- 36** This being the first year of consolidation (refer note 35.1 above), previous year's figures are not applicable.

Signatories to Notes
For and on behalf of the Board

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Pinaki Chowdhury
Partner
Membership No. 057572

Ravi A.
Company Secretary

Chennai
August 14, 2012

Kolkata
August 14, 2012

**Information u/s 217(1) (e) of the Companies Act, 1956 read with the Companies
(Disclosures of Particulars in the Report of Board of Directors) Rules, 1988**

	Tea			Rubber			PTC		
	Twelve Months Ended	31-03-2012	31-03-2011	Twelve Months Ended	31-03-2012	31-03-2011	Twelve Months Ended	31-03-2012	31-03-2011
1 ELECTRICITY									
(a) Purchased Units									
Total Amount	(KWH)	10,981,482	11,429,383	2,593,417	2,746,619	58,280	-	-	-
Rate/Unit	(Rs.)	50,311,436	53,155,515	12,048,755	12,769,627	53,764	-	-	-
	(Rs./KWH)	4.58	4.65	4.65	4.65	0.92	-	-	-
(b) Own Generation Through Diesel Generator									
Units	(KWH)	1,039,592	706,578	168,078	182,225	3,102	-	-	-
Units per litre of Diesel Oil	(KWH)	2.68	2.67	2.56	2.51	1.33	-	-	-
Fuel - Cost / Unit	(Rs./KWH)	16.87	15.13	17.26	16.41	30.60	-	-	-
2 FIREWOOD									
Total Quantity of Firewood	(Cu. Mtr)	39,402	39,030	5,574	4,206	-	-	-	-
Total Amount	(Rs.)	32,996,299	23,523,547	1,356,276	789,985	-	-	-	-
Rate / Cu. Mtr	(Rs.)	837.44	602.70	243.31	187.83	-	-	-	-
3 OTHERS									
HSD Oil for Transport & Material Handling etc.									
Quantity	(K. Ltr.)	212.37	236.26	145.92	149.53	-	-	-	-
Total Cost	(Rs.)	9,268,188	9,566,988	6,323,477	6,107,216	-	-	-	-
Rate / Unit Cost	(Rs./K. Ltr)	43,642	40,493	43,336	40,843	-	-	-	-
Consumption per Unit of Production									
Products									
TEA / RUBBER / PTC	(Kgs./Nos)	14,310,233	15,592,687	7,494,098	8,832,837	-	-	-	-
Energy Used :									
Electricity (KWH/Kg/No of plants)									
(including own generation)		0.84	0.78	0.37	0.33	-	-	-	-
Briquetted Fuel	(Kgs)	4,975,614	5,822,643	-	-	-	-	-	-
Veneer Waste	(Kgs)	7,373,567	7,244,090	-	-	-	-	-	-
Coconut Shells	(Kgs)	-	-	-	22,095	-	-	-	-
Coal (Kgs)	-	52,920	-	-	-	-	-	-	-
Wood Waste	(Kgs)	115,580	470,090	-	-	-	-	-	-

For and behalf of the Board

Kolkata
August 14, 2012

Ajit Singh Chouhan
Director

Ashok Goyal
Director



Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

Name of the Subsidiary	HML Engineering Company Ltd.
1 Financial year of the subsidiary ended on	March 31, 2012
2 Shares of the subsidiary held by the Company on the above dates:	
(a) Number & face value	50000 Equity shares of Rs. 10/- each
(b) Extent of holding	100%
3 Net aggregate amount of profits/(losses) of the subsidiary for the above financial period so far as they concern members of the Company:	
(a) dealt with in the accounts of the Company for the year ended 31st March 2012 Rs. 000's	-91
(b) not dealt with in the accounts of the Company for the year ended 31st March 2012 Rs. 000's	
4 Net aggregate amount of profits/(losses) for the previous financial years of the subsidiary since it became a subsidiary so far as they concern the members of the Company:	
(a) dealt with in the accounts of the Company for the year ended 31st March 2012 Rs. 000's	Nil
(b) not dealt with in the accounts of the Company for the year ended 31st March 2012 Rs. 000's	
5 The provisions of Section 212 (5) of the Companies Act, 1956 are not applicable as the financial year of the subsidiary companies coincides with that of the Company	

For and on behalf of the Board

Kolkata
August 14, 2012

Ajit Singh Chouhan
Director

Ashok Goyal
Director

Subsidiary Company Financial Highlights 2011-12

Rs.lacs

Particulars	HML Engineering Company Ltd.
Capital	5
Reserves	(1)
Total Assets	4
Total Liabilities	4
Investments	-
Turn over	-
Profit before Tax	(0.91)
Provision for Tax/Deferred Tax	-
Profit after Tax	(0.91)
Proposed dividend	-

Approximate Area Statement as at March 31, 2012

in Hectares

State, District and Estate	TEA			RUBBER			Total Planted	Fuel and Other Plantings	Reserves etc.	Total
	Mature	Immature	Total	Mature	Immature	Total				
KERALA										
Venture Valley										
Nagamallay				361	243	604	604	107	167	878
Isfield				468	200	668	668	98	283	1049
Venture				337	151	488	488	46	93	627
Ranni Valley										
Koney				371	254	625	625	102	337	1064
Kumbazha				471	490	961	961		87	1048
Lahai				444	408	852	852	43	116	1011
Mundakayam				238	289	527	527	6	39	572
Mooply Valley										
Mooply				118	403	521	521	29	46	596
Palapilly				136	398	534	534	6	210	750
Kundai				414	607	1021	1021	2	81	1104
Kaliyar				283	250	533	533	2	58	593
Vandiperiyar										
Wallardie	448	65	513				513	95	220	828
Moongalaar	638	74	712				712	26	408	1146
Pattumalay	233		233				233	58	10	301
High Range										
Upper Surianalle	643	8	651				651	131	209	991
Lockhart	374	8	382				382		263	645
Panniar	301		301				301	46	54	401
Wynaad										
Achoor	602	48	650				650	246	2589	3485
Chundale	231	32	263				263	11	603	877
Arrapetta	709	21	730				730	14	724	1468
Sentinel Rock	448	57	505				505	488	522	1515
Touramulla	143		143				143	35	120	298
TAMIL NADU										
Nilgiris-Wynaad										
Wentworth	611		611				611	226	525	1362
Mayfield	308		308				308	77	422	807
TOTAL	5689	313	6002	3641	3693	7334	13336	1894	8186	23416

Notes:

- 1) Certain areas of fuel and reserve land are in the process of being acquired by the State Government, but the extent to which acquisition will be made has not yet been determined as the litigation involved is not over.
- 2) Fuel and other planting include Cardamom, Coffee, Cocoa, etc.



HARRISONS MALAYALAM LIMITED

Regd. Office: 24/1624, Bristow Road, Cochin - 682 003

An  **RPG** Company