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Bankers

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

Solicitors

Khaitan & Co.

Registrar

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

Board of Directors

Brij Mohan Khaitan	Chairman
Deepak Khaitan	Vice-Chairman
Aditya Khaitan	Managing Director
Raghavachari Srinivasan	
Bharat Bajoria	
Ranabir Sen	
Utsav Parekh	
Srikandath Narayan Menon	
Balaji Viswanathan Swaminathan	
Rajeev Takru	Wholetime Director
Azam Monem	Wholetime Director
Kamal Kishore Baheti	Wholetime Director
Amitabha Guha Sarkar	Company Secretary

Audit Committee of the Board

Raghavachari Srinivasan Chairman
 Bharat Bajoria
 Ranabir Sen
 Srikandath Narayan Menon

Shareholders'/Investors' Grievance Committee of the Board

Ranabir Sen Chairman
 Bharat Bajoria
 Utsav Parekh

Remuneration Committee of the Board

Bharat Bajoria Chairman
 Raghavachari Srinivasan
 Ranabir Sen

Auditors

Price Waterhouse
 Plot No.Y-14, Block-EP, Sector-V
 Salt Lake Electronic Complex, Bidhan Nagar,
 Kolkata - 700 091

Registered Office

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



REPORT OF THE DIRECTORS

For the financial year ended 31st March 2010

Your Directors have pleasure in presenting the Annual Report with the audited Accounts of your Company, for the financial year ended 31st March 2010.

REVIEW OF PERFORMANCE

The Financial Results of the Company for the year ended 31st March 2010 are summarized below:

	2009-10 Rs.In Lakhs	2008-09 Rs.In Lakhs
Profit before Interest, Depreciation and Taxation	36,331.32	20,672.91
Less: Interest and Exchange Fluctuation (Net)	2,526.80	7,657.89
	33,804.52	13,015.02
Less: Depreciation & amortisation	2,711.72	2,604.37
Profit before Taxation	31,092.80	10,410.65
Taxation Charge		
Current Tax	6,561.00	1,015.00
Deferred Tax	498.89	297.06
Fringe Benefit Tax	—	220.00
Profit after Taxation	24,032.91	8,878.59
Balance brought forward from previous year	4,309.02	3,991.58
Balance available for Appropriations	28,341.93	12,870.17
Proposed Dividend	4,378.23	2,189.11
Tax on Proposed Dividend	727.17	372.04
Transfer to General Reserve	14,000.00	6,000.00
Balance carried forward	9,236.53	4,309.02

The Board is pleased to report that in the year under review your Company has achieved best ever turnover and profits surpassing all previous records. The sales turnover of your Company for the first time has crossed Rs.100000 lakhs during the year reaching at Rs.107682 lakhs. The Company has earned a profit before interest, depreciation and taxation (PBIDT) of Rs.36331 lakhs against Rs.20673 lakhs in the previous year. The net profit for the year was Rs.24033 lakhs which is higher by 171% as compared to the net profit earned in the previous year. The considerable growth in turnover and profit is attributable to significant improvement in tea prices during the year, both in India and in export market as also increase in the volume of production.

DIVIDEND

Your Directors are pleased to recommend for approval of the shareholders a dividend of Rs.4/- per equity share on 10,94,55,735 fully paid up equity shares of Rs.5/- each being 80% on the paid up value of the equity shares of the Company for the year ended 31st March 2010 as against 40% (Rs.2/- per share) paid for the earlier year.

REVIEW OF OPERATIONS

During the financial year, your Company produced 771.80 Lakh Kgs tea as compared to 748.47 Lakh Kgs in the previous year. Conducive weather conditions favored growth in the South Bank. During the beginning of the year the North Bank and Dooars faced drought conditions leading to a drop in crop.

The Uprooting and Replanting Policy of your Company has proved to be a success. The percentage of tea under fifty years has been on the rise thus contributing to an increase in the average yield of estates, which is higher than the Industry average. A high standard of nurseries with the required Clonal Blend is being maintained.



Your Company's focus has always been to produce quality teas, which commanded a premium both in the domestic and international market. As part of the upgradation and modernization programme of factories, withering capacity was increased on eight estates. Twelve Rotorvanes, fourteen CTC machines, one Continuous Fermenting Machine (CFM), six Vibro Fluid Bed Dryers (VFBD), six coal stoves and one mini boiler were purchased and installed in various factories. In some factories extension of building was undertaken to accommodate additional sorting machinery and create additional storage space for packed tea. To augment the standby generating capacity three new 500 KVA and one 125 KVA diesel generating sets and two 380 KVA Gas generating sets were installed. On estates where natural gas was available, seven new bi fuel kits were installed to facilitate running the generating sets both on High Speed Diesel (HSD) or Natural gas. For undertaking river embankment work bordering tea estates and deepening outlet drains, two new JCB Excavators were purchased. Forty new pruning machines were also procured to facilitate completion of pruning in time. One new Blending drum with a capacity of 2000 kgs per hour was installed at Nilpur Blending Unit as we anticipate an increase in demand for blended tea during 2010/11.

The Company now has forty five Hazard Analysis and Critical Control Points (HACCP) certified factories. Your Company also has four estates certified as "Fairtrade" and ten estates certified as "Rainforest Alliance." The Nilpur Blending Unit is a HACCP Certified unit.

The average price realization for the Company's tea for the year was Rs.137.25 per kg which is higher by Rs.26.22 as compared to the previous year.

The Company saw a total export quantum of 28.8 million kgs in 2009/10 with an overall turnover of over Rs.425 crore. Favourable feedback was received from the buyers both in terms of quality and deliveries.

GROWTH THROUGH ACQUISITIONS IN INDIA AND ABROAD

Growth is a continuous process in your Company. Ever since it commenced its operations as a tea company, it set its growth target on a yearly basis and so far has been successful in achieving it. During the first three years growth came by way of acquisition of three renowned tea companies having plantations in the quality tea belt in Assam. Subsequently these companies were merged with your Company resulting in substantial growth in turnover and profitability. Finding opportunities for further growth being limited in the country, the Company later set its sight on the overseas tea growing nations. The first Company acquired abroad was Phu Ben Tea Company Limited, a major tea plantation Company of Vietnam in 2009 through Borelli Tea Holdings Limited (Borelli), the wholly owned subsidiary of the Company. Borelli gained control of the largest tea plantation Company of Uganda namely, James Finlay (Uganda) Limited (JFUL) in January this year when it bought the entire share capital of its holding Company. Even after having acquired five quality tea companies in five consecutive years, your Company still has the appetite for further growth and is on the look out for plantations in India and abroad which match with its quality profile. The Company will be continuously thriving for growth, not only in terms of volume but also quality.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is conscious of its social responsibilities and the environment in which it operates. It has continued with its welfare activities for development in the fields of education, culture and other welfare measures and to improve the general standard of living in and around the tea estates. The emphasis is on improvement of health, development of education, culture and sports. Medical assistance was also provided to the nearby villages through medical camps. Your Company facilitated a successful cataract operation camp for two hundred twenty nine patients at Shankardev Netralaya, Guwahati.

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

The Assam Valley School has emerged as a premier public school of the country and continues to provide excellent opportunity to the children of the planting community and in the North East in terms of academics and all round development.

With the Company's continued support The Assam Valley Literary Award is being felicitated each year. This year the award was conferred on an eminent Assamese writer Sri Imran Shah in acknowledgement of his contribution in the field of Assamese Literature. Scholarships were provided to meritorious students from the North East and this was funded by the Williamson Magor Education Trust.



The Tea Tourism at Balipara in Assam, in partnership with River Journeys and Bungalows of India Private Limited, is gaining popularity. The Company is studying the possibility of developing more such opportunities in other areas of Assam.

D1 WILLIAMSON MAGOR BIO FUEL LIMITED

D1 Williamson Magor Bio Fuel Limited, (D1WML) was incorporated in July 2006 under a 50:50 joint venture agreement between Williamson Magor & Co. Limited (WML) and D1 Oils Trading Ltd. U.K. to facilitate development of Jatropa plantation under contract farming arrangements for production of bio diesel from Jatropa Oilseeds. Being an associate of WML your Company presently holds 33.56% of equity capital of D1WML.

As a clean fuel, alternate to fossil fuel, the market for bio diesel has been increasing globally at a faster rate. The global production of bio diesel during the year 2008 at 11.1 Million MT registered a growth of 23% over previous year.

There has been an acute shortage of bio diesel feedstock and D1WML has developed about 132,000 hectares of plantation at different stages of maturity. The company has observed 2009-10 as the year of consolidation of plantation and estimates about 60% of the farms are duly maintained by the farmers to produce commercial crop.

The initial harvest of oilseed on young plantation carried out during 2009-10 is being used for extension and consolidation. D1WML expects sub commercial harvest during 2010-11 for oil expelling and commercial harvest in 2011-12. The company has acquired about 28 acres of land in Balipara Industrial Growth Centre, Assam for setting up a bio diesel processing unit.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Borelli Tea Holdings Limited, U.K. (Borelli), the wholly owned subsidiary of the Company during the year acquired controlling stakes of the following Companies :-

- (i) 75% of the controlling stake of Olyana Holdings LLC (Olyana) incorporated in USA.
- (ii) 100% of the share capital of Rwenzori Tea Investments Limited (Rwenzori) incorporated in Uganda.

Borelli gained control of James Finlay (Uganda) Limited (JFUL) which is a 100% subsidiary of Rwenzori Tea Investments Limited. Steps have been taken to rename JFUL as McLeod Russel Uganda Limited which will take effect shortly. Earlier Borelli had acquired 100% of the controlling stake of Phu Ben Tea Company Limited of Vietnam (Phu Ben). Thus your Company now has five Subsidiaries namely, Borelli, Phu Ben, Olyana, Rwenzori and JFUL.

Borelli acquired 75% stake of Olyana with the objective of making investments through this subsidiary in tea plantation and processing activities in Africa. Olyana had entered into a Share Sale Agreement with the Government of Rwanda for acquisition of 60% stake in a Company known as Gisovu Tea Company Limited. Subsequently, some disputes had cropped up. Finally Olyana has filed an Arbitration Application in Washington DC with the International Centre for Settlement of Investment Disputes, a body constituted by the World Bank and expects that the application will be disposed of in the next few months.

In January 2010 Borelli acquired 100% of share capital of Rwenzori. Rwenzori holds 100% of controlling stake of JFUL engaged in cultivation and manufacture of tea in Uganda. JFUL has six tea estates and five tea processing factories with an annual production of over 15 million kgs of tea taking the overall tea produced by your Company and its subsidiaries to around 96 million kgs per annum. JFUL is a profit making and dividend paying Company.

During the year ended 31st December 2009 Phu Ben achieved a total production of 4.43 million kgs of tea. During this period the Company recorded a net profit in Indian Rs.2.3 crore on a sales turnover of Rs.26 crore. Phu Ben acquired its fourth factory enhancing its production capacity and the level of quality.

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company, its five Subsidiaries and two Associate Companies namely D1WML and Babcock Borsig Limited prepared in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India are attached.



DIRECTORS

Since the last Report there has been no change in the Board of Directors. In accordance with the provisions of the Articles of Association of the Company, Mr. B. M. Khaitan, Dr. R. Srinivasan, Mr. Bharat Bajoria and Mr. Ranabir Sen will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

COST AUDIT

The Ministry of Corporate Affairs, Government of India by an Order directed audit of the Cost Accounts maintained by the Company under Section 209(1)(d) of the Companies Act, 1956 in respect of the Plantation Product on a yearly basis. In terms of the said Order Cost Audit is being conducted by four firms of Cost Accountants appointed with the approval of the Ministry of Corporate Affairs.

AUDITORS

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

AUDITORS' REPORT

With regard to the observation made by the Auditors in their Report relating to non-ascertainment of value of green leaf consumed, reference is made to Note 20(b) of Schedule 17 of the Accounts, which is self-explanatory.

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts for the financial year ended 31st March 2010, the applicable accounting standards had been followed with no material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

EMPLOYEE RELATIONS

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

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

Particulars of employees required under Section 217(2A) of the Companies Act, 1956 are given in the Annexure forming part of this Report.

For and on behalf of the Board

Place : Kolkata
Date : 30th May 2010

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



Annexure to the Directors' Report 2009-2010

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March 2010.

A. CONSERVATION OF ENERGY

- 1 The Company has installed numerous energy efficient machines in the tea estates. Withering facility was enhanced on eight estates. Twelve Rotorvanes, fourteen CTC machines, one CFM, six VFBD, six coal stoves and one mini boiler were installed in various estates. This would reduce the energy consumption in tea factories with improved productivity of machinery resulting in lesser hours of manufacture.
- 1 Three new 500 KVA generating sets, one 125 KVA generating set and two 380 KVA Gas generating sets were installed. Seven new Bi fuel kits were also installed to facilitate running the generating sets on both, High Speed Diesel Oil or Natural Gas. Thereby the generating sets have been rationalized with improved efficiency and lesser consumption of fuel.
- 1 The energy consumption for domestic purposes has been rationalized through creation of awareness and regular monitoring.

B. POWER & FUEL CONSUMPTION

	Year ended 31.03.2010	Year ended 31.03.2009
1. Electricity		
(a) Purchased :		
- Units (Kwh)	54198894	53957794
- Total Amount (Rs.)	323980437	312221647
- Rate / Unit (Rs.)	5.98	5.79
(b) Own Generation :		
Through Diesel Generator		
- Units (Kwh)	16211107	14382559
- Units per Litre of Diesel Oil	2.98	2.94
- Cost / Unit (Rs.)	11.34	11.46
2. Coal		
- Quantity (Tonnes)	42117	40202
- Total Amount (Rs.)	197787788	181335932
- Average Rate (Rs.)	4696.15	4510.61
3. Furnace Oil		
- Quantity (Litres)	674209	1146025
- Total Amount (Rs.)	22893188	42592505
- Average Rate (Rs.)	33.96	37.17
4. Total Power and Fuel consumption per unit of production of Tea		
- Saleable Production - Tea (Kgs)	77179896	74846606
- Electricity (Kwh)	0.91	0.91
- Furnace Oil (Litre)	0.01	0.02
- Coal (Kg.)	0.55	0.54
- Others (Rs.)	1.16	1.21

C. RESEARCH AND DEVELOPMENT

The Company continues with the policy of reviewing clone blend to improve the yield and quality of tea estates. The production of Vermicompost was increased by tea estates to improve the organic status of the soil. This will result in improving the yield in all areas of extension and replanted teas.

**EXPENDITURE ON RESEARCH & DEVELOPMENT**

	Year ended 31.03.2010	Year ended 31.03.2009
(a) Capital	Nil	Nil
(b) Revenue	84.84	82.85
(c) Total	84.84	82.85
(d) Total R&D Expenditure as % of turnover	0.08	0.10

D. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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

E. FOREIGN EXCHANGE INCOME & OUTGO

During the year, the Company's direct exports were 288.34 lakh kgs (2008-09 : 266.38 lakh kgs) of Tea.

	Year ended 31.03.2010	Year ended 31.03.2009
	Rs. lakhs	Rs. Lakhs
Foreign Exchange Earnings	42101.47	30839.63
Foreign Exchange Outgo	1952.61	1122.65

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

Name	Designation/ Nature of Duties	Remuneration (Rs. in Lakhs)	Qualifications	Experience (Years)	Date of Employment	Age	Previous Employment/ Position held
A. Khaitan	Managing Director	178.41	B. Com. (Hons.)	19	01.04.2005	42	N. A.
R. Takru	Wholetime Director	84.09	B. A. (Hons.)	35	01.04.2005	55	Eveready Industries India Limited Senior Vice-President
A. Monem	Wholetime Director	72.51	B. Com. (Hons.)	30	01.04.2005	50	Eveready Industries India Limited Senior Vice-President
K.K. Baheti	Wholetime Director	83.75	B. Com. (Hons.) FCA., ACS., AICWA	21	01.04.2005	47	Eveready Industries India Limited Vice-President
N.L. Ganguly	Visiting Agent, Margherita	31.85	M.A. (Economics)	36	22.05.1974	60	Eveready Industries India Limited General Manager Margherita
D.K. Sharma	Visiting Agent, Pertabghur	25.70	B.A. (Economics)	36	01.04.1974	60	Eveready Industries India Limited General Manager Addabarie

Notes :

1. Remuneration as shown above includes, inter alia, value of perquisites and Company's contribution to retiral funds as applicable.
2. The above employees were wholetime employees during the financial year ended 31st March 2010 except Mr. D. K. Sharma, who retired from service on 30th November 2009.
3. None of the above employees is related to any Director of the Company within the meaning of Section 6 of the Companies Act, 1956 except Mr. A. Khaitan, who is a relative of Mr. B.M. Khaitan and Mr. D. Khaitan.

Place : Kolkata
Date : 30th May 2010

For and on behalf of the Board

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



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

India, world's largest black tea producer, produced approximately 980 million kgs during the calendar year 2009 representing 41% of global black tea production. Black tea production by other main tea producers during 2009 was Kenya (315 million kgs), Sri Lanka (280 million kgs), other African countries (165 million kgs), Vietnam (145 million kgs), Indonesia (80 million kgs) and Bangladesh (59 million kgs).

Kenya and Sri Lanka experienced drought like situation during first half of 2009 losing approximately 31 million kgs and 38 million kgs respectively as compared to previous year. India, however maintained last year's crop level. Export from India during 2009 was lower by 10 million kgs as compared to last year. Strong consumption growth and negative carried forward stocks had positive impact on prices of tea which went up by Rs. 20/- per kg over and above an increase of Rs. 22/- per kg last year. Production short fall in Kenya and Sri Lanka also impacted global tea prices which went up by 20% to the record levels. Costs in India had gone up by Rs. 6/- per kg due to increase in wages and other input costs. Tea industry in Assam had signed the labour agreement for wages for 45 months effective 1st January 2010.

OPPORTUNITIES AND THREATS

Despite production shortfall in Kenya and Sri Lanka due to unfavourable weather condition, Indian exports fell by 10 million kgs as compared to last year on account of strong domestic demand and consumption. Domestic consumption is estimated at 860 million kgs during the year 2010. Since no addition to the land under tea cultivation by organized sector has taken place in last 5 years and uprooting and replanting of low yielding section takes 3 - 5 years to materialize, the production in next few years is estimated to be stagnant to very insignificant growth. Demand for orthodox teas by CIS and Middle East countries revived during 2009 after a brief lull during the global financial crisis in 2008. Stable currency in India during 2009 had a positive impact on export prices from India. However, any reversal of the trend may impact export realization.

RISKS AND CONCERNS

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

These problems need to be addressed by improved productivity and energy conservation. The Tea Industry both in Assam and West Bengal have discussed with the Trade Unions and implemented productivity linked wages for the tea workers with a view to regain the Industry's competitiveness in the global market.

The Special Purpose Tea Fund (SPTF) has been set up by Commerce Ministry to implement uprooting and replanting programme which would help improvement in the productivity and yield thereby reduce cost in the coming years.

The small tea growers and bought leaf factories form a considerable part of the Industry. A recent compilation of figures show a total production of around 100 million kgs through these bought leaf factories in North India. There is a need to regulate these factories to maintain the quality. The Industry is also subject to taxation from the State Government as well as Central Government and while the level of direct taxes has come down over a period, some of the State levies like cess on green leaf in Assam and substantial increase in Land Revenue charges put the industry at a very disadvantageous position.

To mitigate various types of risks that the company has to face, the Board of Directors of the Company has adopted a Risk Management Policy and implemented the same at the Tea Estates and at Head Office of the Company. The Company has introduced Hazard Analysis and Critical Control Points (HACCP) at all the Tea Factories to ensure better quality product. This process was completed during 2009.



OUTLOOK

Weather condition in Kenya and Sri Lanka during the first four months of the current year was conducive for tea production and helped in reviving the production which is estimated to be higher by 75 million kgs upto April 2010 as compared to drought hit period last year. The global shortfall of approximately 140 million kgs at the beginning of the year and strong consumption growth with revival of production in Kenya and Sri Lanka should stabilize the prices at the last year's level. However, stagnant production and strong consumption growth in India should lead to firmer prices post July 2010. The tea prices are currently ruling at the same level as last year. Due to the revision of wages and normal increase in other costs, cost of production is also likely to increase.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

FINANCES

Financial ratios have improved substantially over last two years. Net debt as on 31st March 2010 amounted to Rs.258 Crores as compared to Rs.385 Crores as on 31st March 2009. Internal generation has been used to reduce the net borrowing by Rs.127 Crores.

HUMAN RESOURCES

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

CAUTIONARY STATEMENT

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

Place : Kolkata
Date : 30th May 2010

For and on behalf of the Board

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



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

The Company's philosophy on Corporate Governance is aimed at efficient conduct of its operations and in meeting its obligations towards various stakeholders such as Customers, Vendors, Employees, Shareholders and Financiers and to the society at large. The Company is in the business of cultivation and production of Tea and is one of the major producers of Tea in the world. The Company produces high quality Tea widely acceptable in the domestic as well as in the overseas markets. While it is the endeavour of your Company to continue to produce Tea of premium quality to the satisfaction of its customers worldwide, it also gives due importance to its obligations to the large workforce that it employs on the Tea Estates in India. The Company believes in achieving its goals, which result in enhancement of Shareholders' value through transparency, professionalism and accountability and nurture these core values in all aspects of its operations.

2. BOARD OF DIRECTORS

(i) Composition

The Board of Directors of your Company as on 31st March 2010 consisted of twelve Directors as under:

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

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

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

Name and category of the Directors on the Board, their attendance at Board Meetings held during the financial year ended 31st March 2010, number of Directorships and Committee Chairmanships/ Memberships held by them in other public limited companies are given below. Other Directorships do not include alternate Directorships, Directorship in Private Limited Companies, Companies under Section 25 of the Companies Act, 1956 and of the Companies incorporated outside India. Chairmanship/Membership of Board Committees relates to only Audit and Shareholders'/Investors' Grievance Committees.

Name of Directors	Category	No. of Board Meetings		Whether attended last AGM held on 28th July 2009	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
		Held during the year	Attended			As Chairman	As Member (#)
MR. B. M. KHAITAN	NON-EXECUTIVE CHAIRMAN	6	6	YES	6	—	1
MR. D. KHAITAN	NON-EXECUTIVE VICE-CHAIRMAN	6	1	NO	7	—	1
MR. A. KHAITAN	MANAGING DIRECTOR	6	6	YES	7	1	2
DR. R. SRINIVASAN	NON-EXECUTIVE & INDEPENDENT	6	6	YES	7	3	8
MR. B. BAJORIA	NON-EXECUTIVE & INDEPENDENT	6	5	YES	8	—	—
MR. R. SEN	NON-EXECUTIVE & INDEPENDENT	6	6	YES	1	—	—
MR. U. PAREKH	NON-EXECUTIVE & INDEPENDENT	6	4	YES	6	—	3
MR. S. N. MENON	NON-EXECUTIVE & INDEPENDENT	6	6	YES	7	—	2
MR. B. V. SWAMINATHAN	NON-EXECUTIVE & INDEPENDENT	6	1	NO	—	—	—
MR. R. TAKRU	WHOLETIME DIRECTOR	6	6	YES	3	—	—
MR. A. MONEM	WHOLETIME DIRECTOR	6	6	YES	—	—	—
MR. K.K. BAHETI	WHOLETIME DIRECTOR	6	6	YES	11	—	2

(#) including Chairmanship, if any.

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



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

- a) Six Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:
28th April 2009, 3rd June 2009, 28th July 2009, 27th October 2009, 23rd December 2009 and 22nd January 2010.
The last Annual General Meeting of the Members of the Company was held on 28th July 2009.
- b) Necessary information where applicable as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration.

3. AUDIT COMMITTEE

- i. The role and terms of reference of the Audit Committee covers the areas mentioned under Clause 49 of the Listing Agreement and in Section 292A of the Companies Act, 1956. Brief descriptions of the terms of reference of the Audit Committee are as follows:
 - a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
 - b) Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and the fixation of audit fees, and also approval for payment of any other services rendered by the statutory auditors.
 - c) Discussion with the statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - d) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 - e) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - 1 Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause 2AA of Section 217 of the Companies Act, 1956.
 - 1 Changes, if any, in accounting policies and practices and reasons for the same;
 - 1 Major accounting entries involving estimates based on exercise of judgment by management;
 - 1 Significant adjustments made in the financial statements arising out of audit findings;
 - 1 Compliance with listing and other legal requirements relating to financial statements;
 - 1 Disclosure of any related party transactions;
 - 1 Qualifications in the draft audit report.
 - f) Reviewing the adequacy of internal audit function.
 - g) Discussion with internal auditors of any significant findings and follow-up thereon.
 - h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - i) Looking into the reasons for substantial defaults in payments to the shareholders and creditors.



ii. Composition

The Audit Committee of the Board as on 31st March 2010 consisted of Dr. R. Srinivasan, Messrs. B. Bajoria, R. Sen and S. N. Menon. Dr. R. Srinivasan, a Non-Executive Independent Director, having adequate financial and accounting qualification and expertise, is the Chairman of the Audit Committee. The other Members of the Committee are also financially literate. The Committee consists of four Non-Executive Independent Directors. Mr. A. Guha Sarkar, Vice President & Company Secretary, acts as the Secretary to the Committee.

iii. Meetings and attendance during the year

The particulars of meetings attended by the Members of the Audit Committee during the financial year ended 31st March 2010 are given below:

Name of Directors	Category	No. of Meetings	
		Held during the year	Attended
DR. R. SRINIVASAN, CHAIRMAN	NON-EXECUTIVE & INDEPENDENT	5	5
MR. B. BAJORIA	NON-EXECUTIVE & INDEPENDENT	5	4
MR. R. SEN	NON-EXECUTIVE & INDEPENDENT	5	5
MR. S. N. MENON	NON-EXECUTIVE & INDEPENDENT	5	5

Five Meetings of the Audit Committee were held during the financial year ended 31st March 2010. The dates on which the Audit Committee Meetings were held are as follows:

28th April 2009, 3rd June 2009, 28th July 2009, 27th October 2009, 23rd December 2009 and 22nd January 2010.

The necessary quorum was present at all the Meetings.

4. REMUNERATION COMMITTEE

i) Brief description of terms of reference

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

- to determine and recommend to the Board of Directors the remuneration package of the Managing Director and Wholetime Directors and also to recommend remuneration payable to the Non-Executive Directors.
- to approve, in the event of loss or inadequacy of profits in any year, the minimum remuneration payable to the Managing Director and Wholetime Directors within the limits and subject to the parameters prescribed in Schedule XIII to the Companies Act, 1956.

ii. Composition

The Remuneration Committee of the Board as on 31st March 2010 comprised Mr. B. Bajoria, a Non-Executive Independent Director, as the Chairman, Dr. R. Srinivasan and Mr. R. Sen, Non-Executive Independent Directors as its Members.

iii. Attendance during the year

One Meeting of the Remuneration Committee was held on 3rd June 2009 during the financial year ended 31st March 2010.

Name of Directors	Category	Attended
MR. B. BAJORIA, CHAIRMAN	NON-EXECUTIVE & INDEPENDENT	1
DR. R. SRINIVASAN	NON-EXECUTIVE & INDEPENDENT	1
MR. R. SEN	NON-EXECUTIVE & INDEPENDENT	1



iv. Remuneration Policy

The remuneration of the Managing Director and Wholetime Directors is determined by the Board within the statutory limits subject to the Shareholders' approval in a General Meeting on the basis of recommendation of the Remuneration Committee. The remuneration of the Non-Executive Directors is determined by the Board based on the recommendation of the Remuneration Committee.

With effect from 28th July 2009 remuneration by way of sitting fees has been increased from of Rs.10,000/- to Rs.20,000/- which is being paid to the Non-Executive Directors for each Meeting of the Board or any Committee thereof attended by them.

Besides the sitting fees as aforesaid, the approval of the Members by a Special Resolution passed at the Annual General Meeting held on 19th September 2006 enables the Company to pay commission to its Non-Executive Directors, subject to the aggregate limit of 1% of the net profit (restricted to Rs.1,20,000/- per Director, as recommended by the Remuneration Committee and approved by the Board) of the Company computed in accordance with the provisions of Sections 198, 349 and 350 of the Companies Act, 1956 for each of the five financial years commencing from 1st April 2006.

v. Details of Remuneration to the Non-Executive Director

- a) The details of remuneration for the financial year ended 31st March 2010 to the Non-Executive Directors and their shareholding in the Company are as under:

Name of Directors	Sitting Fees (Rs.) for Board Meetings (#)	Sitting Fees (Rs.) for Committee Meetings (#)	Commission (#) (Rs.)	No. of Shares held as on 31st March 2010 (#)
MR. B. M. KHAITAN	1,00,000	—	1,20,000	36,288
MR. D. KHAITAN	10,000	—	1,20,000	55,018
DR. R. SRINIVASAN	1,00,000	90,000	1,20,000	—
MR. B. BAJORIA	80,000	90,000	1,20,000	1,200
MR. R. SEN	1,00,000	1,30,000	1,20,000	133
MR. U. PAREKH	70,000	40,000	1,20,000	—
MR. S. N. MENON	1,00,000	80,000	1,20,000	—
MR. B. V. SWAMINATHAN	10,000	—	1,20,000	10,000
TOTAL	5,70,000	4,30,000	9,60,000	1,02,639

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

The Company has not issued any convertible instruments.

- b) Details of Remuneration for the financial year ended 31st March 2010 to the Managing Director and Wholetime Directors are given below:

	MR. A. KHAITAN Rs.	MR. R. TAKRU Rs.	MR. A. MONEM Rs.	MR. K. K. BAHETI Rs.
Salary	84,00,000	33,00,000	33,00,000	33,00,000
Contribution to Provident Fund and other Funds	22,68,000	8,91,000	8,91,000	8,91,000
Allowances	53,44,122	41,05,000	21,25,000	41,05,000
Monetary value of Perquisites	18,28,800	1,13,175	9,35,062	79,244
Period of appointment	3 years w.e.f. 01.04.2008	3 years w.e.f. 01.04.2008	3 years w.e.f. 01.04.2008	3 years w.e.f. 01.04.2008
Notice period	3 Months	3 Months	3 Months	3 Months
Severance fees	Not specified	Not specified	Not specified	Not specified



5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

The Shareholders'/Investors' Grievance Committee of the Board as at 31st March 2010 consisted of three Members. Mr. R. Sen, a Non-Executive Independent Director, is the Chairman of the Committee. Mr. B. Bajoria and Mr. U. Parekh both Non-Executive and Independent Directors, were the other Members of the Committee.

a) Brief description of the terms of reference

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

b) Meetings and attendance during the year

During the financial year two Meetings of the Shareholders'/Investors' Grievance Committee were held on 27th October 2009 and 22nd March 2010 and the attendance of Members are as follows:

Name of Directors	Category	Attended
MR. R. SEN, CHAIRMAN	NON-EXECUTIVE & INDEPENDENT	2
MR. B. BAJORIA	NON-EXECUTIVE & INDEPENDENT	1
MR. U. PAREKH	NON-EXECUTIVE & INDEPENDENT	2

ii) Name and designation of the Compliance Officer

Vice President & Company Secretary
 McLeod Russel India Limited
 Four Mangoe Lane
 Surendra Mohan Ghosh Sarani
 Kolkata 700001

iii) Details of Complaints received, redressed and pending during the financial year

Pending at the beginning of the year	Received during the year	Redressed/Replied during the year	Pending at the year end
Nil	149	149	Nil

6. GENERAL BODY MEETINGS

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

Financial Year ended	Date	Time	Venue
31.03.2007	30.07.2007	10.30 A.M.	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017
31.03.2008	29.07.2008	10.30 A.M.	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017
31.03.2009	28.07.2009	11.00 A.M.	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017



ii) **Special Resolutions passed in the previous three AGMs.**

AGM held on	Special Resolution passed :
30.07.2007	None
29.07.2008	None
28.07.2009	None

- iii) No Special Resolution was passed during the Financial Year ended 31st March 2010 through Postal Ballot.
- iv) Resume and other information regarding the Directors being re-appointed as required under Clause 49 IV(G)(i) of the Listing Agreement have been given in the Notice of the Annual General Meeting annexed to this Annual Report.

7. DISCLOSURES

- i) Transactions with the related parties have been disclosed in Note No.12 of Schedule 17 to the Accounts in the Annual Report for the year under review.
- ii) The Company has complied with all the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the financial year. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the financial years ended 31st March 2008, 31st March 2009 and 31st March 2010.
- iii) Presently, the Company does not have any Whistle Blower Policy.
- iv) a) The Company has adopted separate Codes of Conduct ('Code') for the Members of the Board and Senior Management Personnel as required under Clause 49 of the Listing Agreement. All the Board Members and the Senior Management Personnel have affirmed compliance of the Code. The Annual Report of the Company contains a declaration to this effect signed by the CEO. The Company has also adopted a Code for Prohibition of Insider Trading.
- All the aforesaid Codes have been posted on the Company's Website.
- b) The Company has obtained Certificate from the Statutory Auditors on compliance of Clause 49 of the Listing Agreement and a copy of such Certificate is attached to this report.
- v) The Company has laid down a procedure for risk assessment and minimization thereof. The Company maintains a Risk Register wherein the various risks the Company is exposed to and the steps for mitigation thereof are recorded.
- vi) All the mandatory requirements have been appropriately complied with and the non-mandatory requirements are dealt with at the end of this Report.

8. MEANS OF COMMUNICATION

- i) Quarterly Results and publication thereof in newspapers
- Quarterly, half-yearly and annual results are published in prominent dailies which inter alia includes Business Standard (English), The Economic Times (English) and Aajkal (Bengali) in the form prescribed by Clause 41 of the Listing Agreements with the Stock Exchanges.
- ii) Display in Website
- Results are displayed on the Company's Website www.mcleodrusselindia.com and also on the EDIFAR Website of SEBI <http://sebidifar.nic.in>. (discontinued with effect from 1st April 2010 vide SEBI Circular No.CIR/CFD/DCR/3/2010 dated 16th April 2010).
- iii) Display of Official news and presentation made to the Shareholders/Institutional Investors/Analysts :
- Press releases and Information Updates as and when made are displayed in the Company's website and also sent to the Stock Exchanges to enable them to put the same on their own websites.



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

9. GENERAL SHAREHOLDERS' INFORMATION

(i) 12th Annual General Meeting

Date and Time : 2nd August 2010 (Monday) at 11.00 a.m.
 Venue : Kala Mandir
 48, Shakespeare Sarani, Kolkata – 700 017

(ii) Financial Year : 1st April to 31st March.

(iii) Dates of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from 26th July 2010 to 2nd August 2010 (both days inclusive) for the purpose of the Annual General Meeting of the Company and payment of Dividend.

(iv) Dividend Payment Date

The Dividend, if declared, shall be paid/credited on or after 4th August 2010.

(v) Listing on Stock Exchanges

The Company's Shares are listed at the following Stock Exchanges and the Annual Listing Fees for the year 2010-2011 have been paid to all these Stock Exchanges.

Name of the Stock Exchange

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

(vi) Stock Code :

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

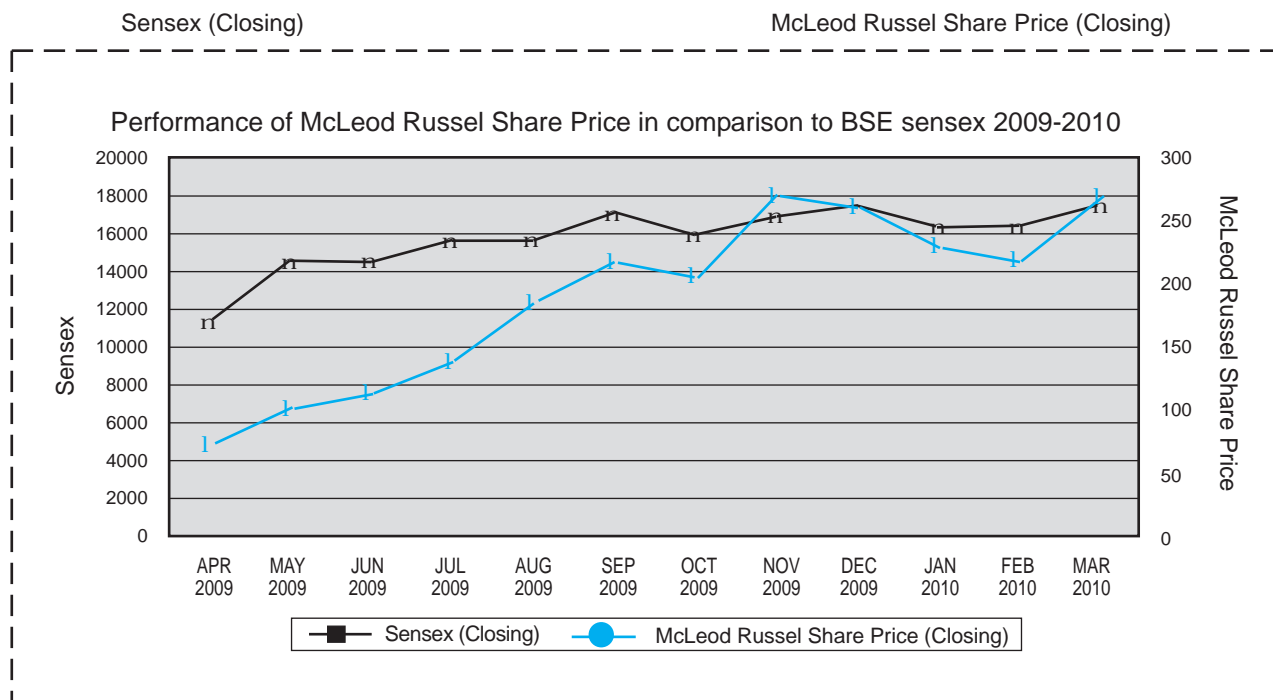
Demat ISIN Number for NSDL & CDSL : INE 942G01012



(vii) Stock Price Data :

Month	Bombay Stock Exchange				National Stock Exchange	
	High Rs.	Low Rs.	Share Price (closing) Rs.	Sensex (closing)	High Rs.	Low Rs.
April 2009	80.00	62.10	73.85	11403.25	79.40	60.30
May 2009	112.30	74.50	101.60	14625.25	113.25	73.25
June 2009	121.80	90.00	113.95	14493.84	122.00	88.00
July 2009	147.40	107.00	138.10	15670.31	147.30	107.30
August 2009	193.50	136.60	185.50	15666.64	193.80	137.00
September 2009	235.70	180.30	218.00	17126.84	236.35	170.00
October 2009	223.90	194.00	206.20	15896.28	222.90	193.00
November 2009	276.70	188.00	270.75	16926.22	276.20	188.20
December 2009	287.00	243.00	261.65	17464.81	287.15	243.10
January 2010	311.50	213.50	229.25	16357.96	311.25	213.00
February 2010	244.20	214.00	218.45	16429.55	244.25	213.70
March 2010	288.75	217.25	270.75	17527.77	292.90	217.00

(viii) Performance in comparison to BSE Sensex :





ix. Registrar and Share Transfer Agents:

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

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

x. Share Transfer System

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

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

xi) a) Distribution of shareholding as on 31st March 2010

Size of holding	No.of holders	Percentage	No.of Shares	Percentage
1 to 500	58,098	92.04	62,38,620	05.70
501 to 1000	2,944	04.66	21,84,847	02.00
1001 to 2000	1,114	01.77	16,31,175	01.49
2001 to 3000	320	00.51	8,10,006	00.74
3001 to 4000	133	00.21	4,77,905	00.43
4001 to 5000	96	00.15	4,45,956	00.41
5001 to 10000	177	00.28	12,95,196	01.18
10001 and above	240	00.38	9,63,72,030	88.05
Total	63,122	100.00	10,94,55,735	100.00



b) Shareholding Pattern as on 31st March 2010

Sr. No.	Category	Number of Shareholders	No. of Shares held	% of holding
1.	Promoters	25	49650556	45.36
2.	Mutual Funds / UTI	37	6838025	06.25
3.	Financial Institutions / Insurance Companies / Banks	98	4234762	03.87
4.	Central / State Government(s)	1	112	00.00
5.	FII's	83	30172338	27.57
6.	Bodies Corporate	1471	4791299	04.38
7.	NRI's / OCB's	677	518380	00.47
8.	Resident Individuals	60730	13250263	12.10
	Total	63122	109455735	100.00

xii. Dematerialization of Shares and liquidity:

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

As on 31st March 2010, 96.80% of the Company's equity shares of Rs.5/- each representing 10,59,54,271 shares were in dematerialized form and the balance 3.20% representing 35,01,464 shares were in physical form.

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

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

xiv. Plant Locations:

Tea manufacturing plants are located at the following Tea Estates –

LOCATIONS	TEA ESTATES
ASSAM:	
BISHNAUTH	DEKORAI, MIJICAJAN, MONABARIE, PERTABGHUR
DHUNSERI	BEHORA, BUKHIAL
DOOM DOOMA	BAGHJAN, BORDUBI, KOOMSONG, PHILLOBARI, BEESAKOPIE, RAIDANG, SAMDANG
EAST BOROI	BARGANG, BEHALI, BOROI, DUFFLAGHUR, HALEM, NYA GOGRA
JORHAT	HUNWAL
MANGALDAI	ATTAREEKHAT, BHOOTEACHANG, BORENGAJULI, CORRAMORE, DIMAKUSI, PANEERY



MARGHERITA	BOGAPANI, DEHING, DIROK, MARGHERITA, NAMDANG
MORAN	ATTABARRIE, DIRAI, LEPETKATTA, MORAN, RAJMAI, SEPON
THAKURBARI	ADDABARIE, HARCHURAH, NILPUR, PHULBARI, RUPAJULI, TARAJULIE, TEZPORE & GOGRA
TINGRI	DIRIAL, ITAKHOOLI, KEYHUNG, MAHAKALI
WEST BENGAL:	
DOOARS	BHATPARA, CENTRAL DOOARS, CHUAPARA, JAINTI/CHUNIAJHORA, MATHURA, JAIBIRPARA

xv. Address for correspondence for Share and related services:

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

(i) The Company's Registered Office at :

McLEOD RUSSEL INDIA LIMITED
 Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata – 700001.
 TEL : 033-2210-1221, 033-2243-5391, 033-2248-9434, 033-2248-9435
 FAX : 91-33-2248-8114, 91-33-2248-3683
 E-mail : administrator@wmg.co.in

(ii) Registrar and Share Transfer Agents' Registered Office at :

MAHESHWARI DATAMATICS PVT LTD.
 6, Mangoe Lane, 2nd Floor
 Surendra Mohan Ghosh Sarani, Kolkata – 700001.
 TEL. : (033) 2243-5809; 2243-5029
 FAX : (033) 2248-4787
 E-mail : mdpl@cal.vsnl.net.in

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

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

Compliance of Non-Mandatory Requirements

i) The Board :

During the financial year ended 31st March 2010, a part of the expenses for maintenance of the office of the Non-Executive Chairman was borne by the Company.

ii) Remuneration Committee :

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

iii) Shareholder Rights :

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



- iv) Audit Qualification :
The observations of the Auditors have been dealt with in the Directors' Report.
- v) Training of Board Members :
The Company has not yet adopted any training programme for its Directors.
- vi) Mechanism for evaluating Non-Executive Board Members :
There is no mechanism for evaluating Non-Executive Board Members at present. All the Non-Executive Board Members are having requisite qualification and expertise in their respective functional areas.
- vii) Whistle Blower Policy :
There is no Whistle Blower Policy at present.

For and on behalf of the Board

Place : Kolkata
Date : 30th May 2010

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



AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of McLeod Russel India Limited

We have examined the compliance of conditions of Corporate Governance by McLeod Russel India Limited, for the year ended 31st March 2010, as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

We state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Price Waterhouse
Firm Registration Number 301112E
Chartered Accountants

(P. Law)
Partner
Membership No. 51790

Place : Kolkata
Date : 30th May 2010

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

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

I confirm that the Company has in respect of the financial year ended 31st March 2010 received from the Members of the Board and Senior management personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Place : Kolkata
Date : 30th May 2010

A. Khaitan - Managing Director

Auditors' Report to the Members of McLeod Russel India Limited

1. We have audited the attached Balance Sheet of McLeod Russel India Limited, as at 31st March, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. The aforesaid financial statements incorporate the transactions relating to the Company's Marketing and Representative Office, United Kingdom. We have audited these transactions on the basis of returns, records, information and explanations received from this office which we have not visited. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that :
 - 3.1 (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- 3.2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them and/or have been verified with reference to subsequent sale. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.

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

- (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- 3.3(a) The Company has granted unsecured demand loan to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loan amounts to Rs 460.00 lakhs and Rs 360.00 lakhs respectively.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loan, repayment of the principal amount and the payment of interest were not due at the year end.
- (d) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 3.4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. There is no sale of services during the year. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 3.5 (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 3.6 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- 3.7 In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- 3.8 We have broadly reviewed the books of account maintained by the Company in respect of product where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

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

- 3.9(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. As explained by the Management, Employees' State Insurance Scheme is not applicable to the Company.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as applicable as at 31st March, 2010 which have not been deposited on account of a dispute, are as follows :

Name of the statute	Nature of Dues	Amount (Rs Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act	Sales Tax	0.82	2001-02	Deputy Commissioner of Taxes (Appeals)
	Sales Tax	2.23	2005 -06	Deputy Commissioner of Taxes
Assam General Sales Tax Act	Sales Tax	23.32	1999-00	Gauhati High Court
West Bengal Sales Tax Act	Sales Tax	1.16	1994-95	Sales Tax Appellate Tribunal
Income Tax Act	Tax Deducted at source and Interest (Refer Note 14 on Schedule 17 to Accounts)	5278.00	2005-06	CIT Appeals

- 3.10 The Company has no accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 3.11 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 bank at the Balance Sheet date. The Company has neither any outstanding dues to any debenture holders or financial institutions at the beginning of the year nor it obtained any such loans during the year.
- 3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

- 3.13 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
 - 3.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
 - 3.15 In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from bank during the year, are not prejudicial to the interest of the Company.
 - 3.16 In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained other than a term loan of Rs 5500 Lakhs disbursed towards the year end and is pending utilisation.
 - 3.17 On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, funds raised on a short term basis have, to the extent of Rs.7371.83 Lakhs, been utilised for long term investments (mainly fixed assets).
 - 3.18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
 - 3.19 The Company has not issued any debentures and accordingly the question of creation of securities in this regard does not arise.
 - 3.20 The Company has not raised any money by public issues during the year.
 - 3.21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;

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

- (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 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, subject to Note 20(b) on Schedule 17 to the Accounts regarding non ascertainment of value of green leaf consumed, in the prescribed manner, the information required by the Act, and also give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
- (ii) in the case of the Profit and Loss Account, 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

Place : Kolkata
Date : 30th May, 2010

(P.Law)
Partner
Membership Number. 51790



McLEOD RUSSEL INDIA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31st March 2010		31st March 2009	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	5472.79		5472.79	
Reserves and Surplus	2	<u>130232.66</u>	135705.45	<u>111748.51</u>	117221.30
Loan Funds	3				
Secured		27990.85		38535.82	
Unsecured		<u>-</u>	27990.85	<u>3000.00</u>	41535.82
Deferred Tax Liability			5751.25		5252.36
[Note 8.2 on Schedule 17]			<u>169447.55</u>		<u>164009.48</u>
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		185928.54		182179.10	
Less : Depreciation and amortisation		<u>41526.87</u>		<u>38703.25</u>	
Net Block		144401.67		143475.85	
Capital Work-in-Progress		<u>1199.77</u>	145601.44	<u>1382.60</u>	144858.45
Investments	5		25946.05		20512.52
Current Assets, Loans and Advances					
Inventories	6	5294.38		6385.99	
Sundry Debtors	7	1629.26		2546.24	
Cash and Bank Balances	8	2192.03		3062.96	
Other Current Assets	9	5108.21		4727.35	
Loans and Advances	10	<u>13278.00</u>		<u>8415.00</u>	
		<u>27501.88</u>		<u>25137.54</u>	
Less : Current Liabilities and Provisions					
Current Liabilities	11	11273.18		11650.55	
Provisions	12	<u>18328.64</u>		<u>14848.48</u>	
		<u>29601.82</u>		<u>26499.03</u>	
NET CURRENT ASSETS			(2099.94)		(1361.49)
			<u>169447.55</u>		<u>164009.48</u>

Notes on Accounts

17

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

For PRICE WATERHOUSE
Firm Registration Number 301112E
Chartered AccountantsP. Law
Partner
Membership Number 51790
Kolkata, 30th May, 2010

The Schedules referred to above form an integral part of the Balance Sheet of the Company.

For and on behalf of the Board of Directors

A. Khalan - Managing Director

K. K. Beheti - Wholtime Director

A. Guha Sarkar - Company Secretary

McLEOD RUSSEL INDIA LIMITED

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

		Year ended 31st March 2010	Year ended 31st March 2009
	Schedule	Rs. Lakhs	Rs. Lakhs
INCOME			
Sales	13	107682.09	82886.62
Other Income	14	3469.43	2728.37
Closing Stock		1789.30	2522.87
		<u>112940.82</u>	<u>88137.86</u>
EXPENDITURE			
Opening Stock		2522.87	2069.67
Expenses	15	<u>74086.63</u>	<u>65395.28</u>
		<u>76609.50</u>	<u>67464.95</u>
Profit before Interest, Depreciation and Taxation		36331.32	20672.91
Interest and Exchange Fluctuation(Net)	16	2526.80	7657.89
Depreciation and Amortisation [Note 3 on Schedule 17]		2711.72	2604.37
Profit before Taxation		<u>31092.80</u>	<u>10410.65</u>
Taxation Charge			
Current Tax		6561.00	1015.00
Deferred Tax		498.89	297.06
Fringe Benefit Tax (includes Rs. Nil (2008-09 - Rs. 65.00 lakhs) relating to earlier years)		-	220.00
Profit after Taxation		<u>24032.91</u>	<u>8878.59</u>
Balance brought forward from Previous Year		4309.02	3991.58
Balance available for Appropriations		<u>28341.93</u>	<u>12870.17</u>
Proposed Dividend		4378.23	2188.11
Tax on Proposed Dividend		727.17	372.04
Transfer to General Reserve		14000.00	6000.00
Balance carried forward to Balance Sheet		<u>6236.53</u>	<u>4309.02</u>
Earnings per share [Basic and Diluted - Rs.] [Note 15 on Schedule 17]		21.96	8.11
Notes on Accounts	17		

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

For PRICE WATERHOUSE
Firm Registration Number 3011126
Chartered Accountants

P. Law
Partner
Membership Number 51790
Kolkata, 30th May, 2010

The Schedules referred to above form an integral part of the Profit and Loss Account of the Company

For and on behalf of the Board of Directors

A. Khaitan - Managing Director

K. K. Saheti - Wholetime Director

A. Guha Sarkar - Company Secretary



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Balance Sheet as at 31st March, 2010

SCHEDULE 1

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
SHARE CAPITAL		
Authorised		
12,00,00,000 Equity Share of Rs. 5/- each	6000.00	6000.00
Issued, subscribed and paid-up		
1,00,33,705 Equity Share of Rs. 5/- each fully paid up	501.69	501.69
9,94,22,030 Equity Shares of Rs. 5/- each fully paid up issued pursuant to Scheme of Arrangement / Schemes of Amalgamation without payment being received in cash.	4971.10	4971.10
	5472.79	5472.79

SCHEDULE 2

RESERVES AND SURPLUS

	General Reserve	Securities Premium	Capital Reserve	Revaluation Reserve	Other Reserve *	Total
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Balance as per last Account	19586.88	11053.58	201.68	57286.15	19209.20	107439.49
Less : Surplus/(deficit) arising on disposal/scraping of revalued assets transferred to Profit and Loss Account	-	-	-	5.90	-	5.90
Less : Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets [Note 3 on Schedule 17]	-	-	-	437.46	-	437.46
	19586.88	11053.58	201.68	56844.79	19209.20	106996.13
Add : Transferred from Profit and Loss Account	14000.00	-	-	-	-	14000.00
Add : Profit and Loss Account (31st March 2009 - Rs. 4309.02 lakhs)	-	-	-	-	-	9236.53
Balance as at 31st March, 2010	33586.88	11053.58	201.68	56844.79	19209.20	130232.66

* Represents the balance amount of Reserve which had arisen on Transfer of Bulk Tea Division of Eveready Industries India Limited



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Balance Sheet as at 31st March, 2010

SCHEDULE 3

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
LOAN FUNDS		
SECURED LOANS		
Cash Credit, Packing Credit and Demand Loans	8709.26	12107.66
Secured/to be secured by equitable first mortgage by way of deposit of title deeds of immovable properties of certain tea estates ranking pari passu with others; and hypothecation of tea crop, movable properties and book-debts present and future of the Company		
Term Loans :		
Housing Development Finance Corporation Limited	-	2318.81
Secured by equitable mortgage by way of deposit of title deeds of the immovable properties of certain tea estates ranking pari-passu with others		
HDFC Bank Ltd	4669.36	6323.93
Secured by first equitable mortgage by way of deposit of title deeds of immovable properties of certain tea estates		
Axis Bank Limited	5416.00	6500.00
Secured by first equitable mortgage by way of deposit of title deeds of immovable properties of certain tea estates		
ICICI Bank Limited	9193.74	11243.95
Secured / to be secured by first pari-passu charge on WM - Brand, first pari passu mortgage of certain tea estates and subservient mortgage of certain tea estates; and additionally secured by pledge of certain investments		
ICICI Bank Limited - Vehicle Loans	2.49	6.95
Secured by hypothecation of the related assets acquired		
Tea Board	-	34.52
Secured by hypothecation of the related assets acquired		
	<u>27990.85</u>	<u>38535.82</u>
UNSECURED LOANS		
Short Term Loans :		
HDFC Bank Limited	-	3000.00
	<u>-</u>	<u>3000.00</u>



McLEOD RUSSEL INDIA LIMITED
Schedules annexed to Balance Sheet as at 31st March, 2010
SCHEDULE 4

Rs. in Lakhs

Particulars	GROSS BLOCK AT COST OR VALUATION			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 31st March, 2009	Additions during the year	Sales/Retire- ments/during the year (Note 4 below)	As at 31st March, 2010 (Notes 2 and 3 below)	As at 31st March, 2009 (Note 5 below)	On assets Sold/Retired/ adjusted dur- ing the year	Written down value as at 31st March, 2010	Written down value as at 31st March, 2009
Intangibles								
Trade Mark (Brand) (Refer Note 1 below)	5000.00	-	-	5000.00	1062.50	250.00	3687.50	3927.50
Goodwill	20.44	-	-	20.44	20.44	-	-	-
Tangibles								
Estate and Development	88385.34	123.84	-	88509.18	2450.47	-	86058.71	85934.87
Land - Freehold	2981.83	-	-	2981.83	-	-	2981.83	2981.83
Buildings	50591.85	1587.79	98.56	52241.08	14387.50	1029.94	36830.44	36204.35
Plant and Machinery	39377.89	2228.07	463.11	39842.85	17184.46	1501.46	12301.57	11893.43
Motor and Other Vehicles	4621.73	380.45	235.66	4766.52	2767.35	298.98	1862.10	1854.38
Furniture and Fittings	1500.02	83.36	16.74	1566.64	830.53	68.80	679.52	669.49
31st March, 2010	181179.10	4503.51	754.07	185928.54	38703.25	3149.18	144401.67	143476.85
31st March, 2009	176910.19	4005.99	797.18	182179.10	36052.32	3055.57	143475.85	

Notes:

- The above represents the trade mark (Brand - WM logo) acquired in January 2005 and the same is being amortised under straight line method over a working life of 20 years on prudent basis based on the valuation obtained by the management, considering the factors like effective life/utility.
- Conveyance deed is pending execution for Jalapara Tea estate for Rs. 293 lakhs (31.03.09 - Rs. 293 lakhs)
- Certain tea estates were mortgaged by way of first charge in favour of banks for the loan availed by Eveready Industries India Limited, the outstanding amount of which is Rs. Nil (31.03.09 - Rs. 1952.00 lakhs).
- Includes Capital Subsidy of Rs. 213.56 lakhs (31.03.09 - Rs. 231.29 lakhs)
- The opening and closing balance of Depreciation and Amortisation includes an Impairment Loss as set out below:-

	Impairment Loss as at	
	31st March 2010	2009
Estate and Development	Rs. Lakhs	Rs. Lakhs
Buildings	2440.32	2440.32
Plant and Machinery	1217.25	1217.25
	3657.57	3657.57
	4020.00	4020.00



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Balance Sheet as at 31st March, 2010

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
SCHEDULE 5		
INVESTMENTS		
[Note 1.3 on Schedule 17]		
In Equity Shares of Rs.10 each fully paid [except otherwise stated]		
Long Term Investments		
- Trade		
QUOTED		
Murabblack India Limited 500000 shares	-	-
McNally Bharat Engineering Co. Limited 3052295 Shares	131.25	131.25
Williamson Financial Services Limited 1666853 Shares	519.33	519.33
Eveready Industries India Limited 1663289 Shares of Rs. 5/- each	169.66	169.66
Kilburn Engineering Limited 848168 Shares	36.05	36.05
The Standard Batteries Limited 2007640 Shares of Rs. 0.50 each	-	-
Kilburn Chemicals Limited 350200 Shares	14.04	14.04
Kilburn Office Automation Limited 31340 Shares	1.27	1.27
UNQUOTED		
Babcock Borsig Limited 911987 Shares	91.73	91.73
Dewrance Macneill & Co. Limited 200000 Shares	-	-
Kilburn Electricals Limited 28000 Shares	-	-
Cosepa Fiscal Industries Limited 350000 Shares	-	-
Delhi Golf & Country Club Private Limited 35750 Shares of Rs.100/- each	-	-
Project India Blend Private Limited 250000 Shares	8.25	8.25
D1 Williamson Magor Bio Fuel Limited 6807101 (31.03.2009 - 5350914) Shares [1456187 Shares acquired during the year]	2042.13	1605.27
- Others		
QUOTED		
Suryachakra Seafood Limited 400000 Shares	-	-
Jindal Poly Films Limited Nil (31.03.2009 - 400) Shares [Note 1 below]	-	0.14
Carried Forward	3013.71	2576.99



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Balance Sheet as at 31st March, 2010

SCHEDULE 5 [Contd.]		31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
	Brought Forward	3013.71	2576.99
UNQUOTED			
Jalpaiguri Club Limited			
523 Shares		-	-
Johnston Casting and Allied Industries Limited			
3500 Shares		-	-
Nilpur Marketing Pvt. Limited			
12500 Shares		1.25	1.25
Nilhat Shipping Company Limited			
1000 Shares		0.10	0.10
Woodlands Medical Centre Limited			
Rs. 89500 5% Non Redeemable Mortgage			
Debenture Stock		0.36	0.36
Rs. 6600-1/2% Registered Mortgage Debenture		-	-
Thakurbari Club Limited			
56 Preference Shares of Rs.100 each		-	-
CFL Capital Financial Services Ltd.			
1154790 13% Redeemable Cumulative		1160.56	1160.56
Preference Shares of Rs.100 each			
- Investments in Government Securities			
QUOTED			
8% Government of India Loan - 2011		1.26	1.26
7% Government of India Loan - 2009 (matured during the year)		1.35	1.35
9% Government of India Loan - 2013		0.63	0.63
UNQUOTED			
National Defence Bond (Deposited with Excise Authorities)		0.02	0.02
- Investments in Subsidiaries			
UNQUOTED			
Borelli Tea Holdings Limited (U.K.)			
362000 (31.03.2009 - 278026 Shares)		22936.98	18316.72
[83974 Shares acquired during the year]			
		27116.22	22059.24
Less :			
Provision for diminution in carrying amount of Investments		1170.17	1546.72
		25946.05	20512.52

Notes :

1. The following investment have been sold during the year :

Name of the Company	No. of Shares		
Jindal Poly Films Limited	400		
2.			
	31st March 2010	31st March 2009	
	Rs. Lakhs	Rs. Lakhs	
Aggregate market value of quoted investments	11184.84	1826.68	
Book Value of quoted investments	874.84	874.98	
Period end gross diminution in carrying amount of quoted and unquoted investments	1170.17	1546.72	
Book Value of unquoted investments	26241.38	21184.26	
3. Following shares are pledged against loans availed by the Company			
Name of the Company	Nos.	Nos.	
Babcock Borsig Limited	911987	911987	
Borelli Tea Holdings Limited (U.K.)	83404	83404	



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Balance Sheet as at 31st March, 2010

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
SCHEDULE 6 INVENTORIES		
At lower of cost or net realisable value		
Stores	3505.08	3863.12
Finished Goods	1789.30	2522.87
	<u>5294.38</u>	<u>6385.99</u>
SCHEDULE 7 SUNDRY DEBTORS		
Secured - Considered Good		
Outstanding for a period exceeding six months	350.00	-
Other Debts	-	350.00
Unsecured - Considered Good		
Outstanding for a period exceeding six months [includes doubtful debts Rs. 216.92 lakhs (31.03.09 - Rs. Nil)]	731.01	615.54
Other Debts [includes doubtful debts Rs. Nil (31.03.09 - Rs. 100.00 Lakhs)]	765.17	1680.70
	<u>1846.18</u>	<u>2646.24</u>
Less: Provision for doubtful debts	216.92	100.00
	<u>1629.26</u>	<u>2546.24</u>
SCHEDULE 8 CASH AND BANK BALANCES		
Cash in hand	174.29	62.74
Cheques in hand	0.56	1.06
Balances with Scheduled Banks on :		
Margin Money Accounts	12.91	49.11
Current Accounts	166.75	95.97
Fixed Deposit Accounts (Note 13 on Schedule 17)	1770.67	2810.00
Dividend Accounts	65.11	41.22
Escrow Accounts/Fractional Share Sale Proceeds Account	0.50	0.52
Balance with a Non - Scheduled Bank on Current Account : ICICI Bank (UK) Plc. Limited	1.24	2.34
[Maximum amount outstanding at any time during the year Rs. 12.68 lakhs (31.03.09 - Rs. 13.28 lakhs)]		
	<u>2192.03</u>	<u>3062.96</u>
SCHEDULE 9 OTHER CURRENT ASSETS		
Unsecured - Considered Good unless otherwise stated [Note 6 on Schedule 17]		
Interest Accrued on Loans and Deposits	2737.91	2613.30
[including considered doubtful Rs. 173.35 lakhs (31.03.09 - Rs. 173.35 lakhs)]		
Subsidies receivable from Government	1361.40	1734.54
Accrued duty exemption benefits pertaining to exports	1182.25	552.86
	<u>5281.56</u>	<u>4900.70</u>
Less : Provision for doubtful interest receivable	173.35	173.35
	<u>5108.21</u>	<u>4727.35</u>



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Balance Sheet as at 31st March, 2010

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
SCHEDULE 10		
LOANS AND ADVANCES		
Unsecured - Considered Good unless otherwise stated [Note 6 on Schedule 17]		
Loans - to Subsidiaries	1900.00	-
- to Others [includes Rs. 248.00 lakhs (31.03.09 - Rs. 198.00 lakhs) - considered doubtful]	1656.00	1881.00
Advances recoverable in cash or in kind or for value to be received [includes Rs. 92.15 lakhs (31.03.09 - Rs. 68.41 lakhs) - considered doubtful] [Note (a) below]	5893.36	5186.67
Balance with Excise Authorities	11.67	19.97
Deposits [Note (b) below]	4157.12	1593.77
	<u>13618.15</u>	<u>8681.41</u>
Less: Provision for doubtful loans, advances and deposits	340.15	266.41
	<u>13278.00</u>	<u>8415.00</u>

Notes: Includes -

(a) Advance against fixed assets Rs. 590.86 lakhs (31.03.09 - Rs. 60.26 lakhs)

(b) Rs. 2973.39 lakhs (31.03.09 - Rs. 473.39 lakhs) with National Bank for Agriculture and Rural Development

SCHEDULE 11
CURRENT LIABILITIES

Sundry Creditors :		
Due to Micro and Small Enterprise [Note 17 on Schedule 17]	1.82	7.97
Due to Others	10522.66	11129.75
Amount due to Subsidiary Company	124.32	118.44
Advances from Customers / Selling Agents	480.41	190.07
Investor Education and Protection Fund shall be credited by the following amounts namely (Note below)		
Unpaid Dividend	65.11	41.22
Unpaid Matured Deposits	0.50	2.07
Interest accrued on Unpaid Matured Deposits	0.26	0.84
Unclaimed Fractional Share Sale Proceeds	0.50	0.52
Interest accrued but not due on loans	77.54	159.67
	<u>11273.18</u>	<u>11650.55</u>

Note : No amount is due for credit at the year-end

SCHEDULE 12
PROVISIONS

Provision for Income tax (Net of Advance Tax)	2775.22	1318.51
Provision for Fringe Benefit Tax (Net of Advance Tax)	80.58	199.13
Proposed Dividend	4378.23	2189.11
Provision for Tax on Proposed Dividend	1177.83	599.48
Provision for Employee Benefits	4621.10	5220.20
Provision for Contingencies- [Note 6 on Schedule 17]		
Overdue loans and advances, interest receivable etc.	5295.68	5322.05
	<u>18328.64</u>	<u>14848.48</u>

McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Profit and Loss Account for
the Year ended 31st March, 2010

	Year ended 31st March 2010 Rs. Lakhs	Year ended 31st March 2009 Rs. Lakhs
SCHEDULE 13		
SALES		
Tea (including net exchange gain/(loss) Rs. 595.71 lakhs (2008-09 - Rs. (1463.95) lakhs))	107413.51	82677.08
Other Sales	268.58	209.54
	<u>107682.09</u>	<u>82886.62</u>
SCHEDULE 14		
OTHER INCOME		
Sundry Income	127.95	341.76
Subsidy on Orthodox Tea	176.38	166.68
Replantation Subsidy	217.92	216.26
Excise Duty Rebate	1.10	1.35
Accrued duty exemption entitlement relating to exports/ premium on sale thereof	2383.78	1277.83
Profit on Sale of Long Term Trade Investments	1.27	5.80
Provision for diminution in carrying amount of Investments no longer required written back.	376.55	-
Insurance Claims	113.15	59.91
Dividend on Long Term - Trade Investments	56.88	32.36
Liabilities no longer required written back	14.45	626.42
	<u>3469.43</u>	<u>2728.37</u>

**McLEOD RUSSEL INDIA LIMITED**Schedules annexed to Profit and Loss Account
for the Year ended 31st March, 2010**SCHEDULE 15
EXPENSES**

	Year ended 31st March 2010		Year ended 31st March 2009	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Salaries, Wages, Bonus etc.		26916.00		24054.55
Contribution to Provident and Other Funds		4332.93		3450.05
Labour and Staff Welfare		5032.07		4691.57
Purchase of Green Leaf		7173.31		4345.50
Consumption of Stores and Spare Parts		4983.83		4531.86
Power and Fuel		9260.30		8876.44
Rent		52.14		56.25
Repairs - Buildings		1794.32		1524.35
- Machinery		1675.38		1524.79
- Others		814.20		1047.40
Insurance		355.14		315.88
Rates and Taxes [including wealth tax Rs. 35 lakhs (2008-09 - Rs. 30 lakhs)]		823.02		756.65
Cess on Black Tea		240.38		233.15
Assam Green Leaf Cess		920.97		924.91
Travelling		911.67		866.05
Loss on disposal of Fixed Assets [net]		96.20		100.41
Legal and Professional Fees		720.14		712.69
Freight, Shipping and Selling Expenses [Net of Transport Subsidy Rs. 407.79 lakhs (2008-09 - Rs. 321.18 lakhs)]		5004.09		4978.94
Brokerage on Sales		426.83		418.04
Selling Agents' Commission		515.03		273.62
Provision for diminution in carrying amount of Long Term Investments		-		138.09
Bad Debts/Deposits/Advances/Other Current Assets written off	57.07		221.09	
Less: Adjusted from Provisions (Note below)	54.78	2.29	221.09	-
Provision for doubtful debts and advances		219.07		124.00
Miscellaneous Expenses		1817.32		1450.09
		74086.63		65395.28

Note :

Comprises provision for contingencies Rs. 26.37 lakhs (2008-09 - Rs. 52.89 lakhs and provision for doubtful debts/advances Rs. 28.41 lakhs (2008-09 - Rs. 168.20 lakhs)

**SCHEDULE 16
INTEREST AND EXCHANGE FLUCTUATION [NET]****Interest Charge**

On Fixed Loans	3611.30	3749.17
Others	870.82	2180.18
Exchange Loss/(Gain) on Foreign Exchange Translation in respect of Loans	(867.68)	2393.26
	3614.44	8322.61
Less : Interest Subsidy	389.12	344.39
	3225.32	7978.22

Less :

Interest Income (Gross)

On Deposits	279.70	130.63
[Tax deducted at source Rs. 32.88 lakhs (2008-09 - Rs. 11.74 lakhs)]		
On Loans	418.06	144.87
[Tax deducted at source Rs. 57.33 lakhs (2008-09 - Rs. 19.18 lakhs)]		
On Tax Refunds	0.76	44.83
	698.52	320.33
	2526.80	7657.89

Notes on Accounts for the year ended 31st March, 2010

Schedule 17

1. SIGNIFICANT ACCOUNTING POLICIES

These Financial Statements are prepared to comply, in all material aspects, with all the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) of the Companies Act, 1956 (the Act) and the relevant provisions of the Act.

1.1 Fixed Assets

Fixed Assets (tangibles) are stated at cost or valuation. Cost of extension planting is capitalised. Fixed assets (intangibles) are stated at acquisition cost. An impairment loss is recognised wherever the carrying amount of the fixed assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

1.2 Depreciation / Amortisation

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

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

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

1.3 Investments

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

1.4 Inventories

Inventories are valued as under :

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

1.5 Sales

Sale is recognised on completion of sale of goods. Sale includes tea claim and is net of sales return, sales tax etc.

1.6 Employee Benefits**a. Short Term Employee Benefits:**

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



Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

b. Post Employment Benefit Plans:

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

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

c. Other Long Term Employee Benefits (Unfunded):

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

1.7 Borrowing Cost

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

1.8 Research and Development

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

1.9 Recognition of Income and Expenditure

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

1.10 Accounting for Taxes on Income

Current Tax in respect of taxable income is recognised based on applicable tax rates and laws. Deferred Tax is recognised subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

Notes on Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

1.11 Transactions in Foreign Currencies

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

1.12 Derivative Instruments

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

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

1.13 Government Grants

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

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

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

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

3. Depreciation

Depreciation and Amortisation in the Profit and Loss Account comprises :

	Year ended 31 st March 2010	Year ended 31 st March 2009
	Rs. Lakhs	Rs. Lakhs
Depreciation and Amortisation for the Year (Schedule 4)	3149.18	3055.57
Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets (Schedule 2)	(437.46)	(451.20)
	2711.72	2604.37

Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

4. Employee Benefits :

4.1 Post Employment Defined Contribution Plans:

During the year an amount of Rs. 2464.20 lakhs (31st March 2009 - Rs. 2271.35 lakhs) has been recognised as expenditure towards Defined Contribution plans of the Company.

4.2. Post Employment Defined Benefit Plans:

Gratuity (Funded)

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

Superannuation (Funded)

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

Staff Pension - Type A (Funded)

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

Staff Pension - Type B (Unfunded)

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

Expatriate Pension (Unfunded)

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

Medical Insurance Premium Re-imbursement (Unfunded)

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

The following Tables sets forth the particulars in respect of Defined Benefit plans of the Company for the year ended 31st March 2010 and corresponding figures for the previous year.

Notes on Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Gratuity Fund	
	Funded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	6903.02	6628.54
Interest Cost	515.55	498.53
Current Service Cost	965.07	421.78
Past Service Cost	417.12	-
Benefits Paid	917.17	793.80
Actuarial loss/(gain) on obligation	624.81	147.97
Present Value of obligation at the end of the year	8508.40	6903.02

Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	4952.18	4540.70
Expected Return on Plan Assets	396.17	363.26
Contributions	2363.03	893.79
Benefits Paid	917.17	793.80
Actuarial gain/(loss) on Plan Asset	306.47	(51.77)
Fair Value of Plan Assets at the end of the year	7100.68	4952.18

Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	8508.40	6903.02
Fair Value of Plan Asset at end of the year	7100.68	4952.18
Net Asset/(Liability) Recognised in Balance Sheet	(1407.72)	(1950.84)

Expense Recognised in Profit and Loss Account		
Current Service Cost	965.07	421.78
Past Service Cost	417.12	-
Interest Cost	515.55	498.53
Expected Return on Plan Assets	396.17	363.26
Actuarial loss/(gain) recognised in the year	318.34	199.75
Expense Recognised in Statement of Profit and Loss Account	@ 1819.91	@756.80

@ included in Contribution to Provident and Other Funds (Schedule 15)

Category of Plan Assets		
Investments in Bonds and Special Deposit	483.68	483.55
Investments with Life Insurance Corporation of India	1566.80	1529.58
Investments with other Insurance Companies	4996.31	2915.46
Others including Bank Balances	53.89	23.59
Total	7100.68	4952.18
Actual Return on Plan Assets	706.21	308.84

Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0
Inflation Rate (%)	5.0	5.0
Return on Asset (%)	8.0	8.0

Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Superannuation Fund	
	Funded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	2222.68	2418.93
Interest Cost	164.87	177.94
Current Service Cost	-	-
Benefits Paid	323.69	389.26
Actuarial loss/(gain) on obligation	(45.34)	15.07
Present Value of obligation at the end of the year	2018.52	2222.68

Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	2031.74	2203.06
Expected Return on Plan Assets	162.54	176.25
Contributions	221.77	130.00
Benefits Paid	323.69	389.26
Actuarial gain/(loss) on Plan Asset	141.63	(88.31)
Fair Value of Plan Assets at the end of the year	2233.99	2031.74

Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	2018.52	2222.68
Fair Value of Plan Asset at end of the year	2233.99	2031.74
Net Asset/(Liability) Recognised in Balance Sheet	215.47	(190.94)

Expense Recognised in Profit and Loss Account		
Current Service Cost	-	-
Interest Cost	164.87	177.94
Expected Return on Plan Assets	162.54	176.25
Actuarial loss/(gain) recognised in the year	(186.97)	103.38
Expense Recognised in Statement of Profit and Loss Account	@(184.64)	@105.07

@ Included in contribution to Provident and other Funds (Schedule 15)

Category of Plan Assets		
Investments in Bonds & Special Deposit	215.39	217.16
Investments with Life Insurance Corporation of India	177.76	178.93
Investments with other Insurance Companies	1762.43	1587.79
Others including Bank Balances	78.41	47.86
Total	2233.99	2031.74
Actual Return on Plan Assets	306.68	111.96

Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0
Return on Asset (%)	8.0	8.0

Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Staff Pension Fund Type A	
	Funded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	373.73	303.81
Interest Cost	28.90	24.29
Current Service Cost	25.85	17.10
Benefits Paid	24.92	0.40
Actuarial loss/(gain) on obligation	3.89	28.93
Present Value of obligation at the end of the year	407.45	373.73

Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	113.81	160.00
Expected Return on Plan Assets	9.10	12.80
Contributions	0.47	0.40
Benefits Paid	24.92	0.40
Actuarial gain/(loss) on Plan Asset	0.09	(58.99)
Fair Value of Plan Assets at the end of the year	98.55	113.81

Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	407.45	373.73
Fair Value of Plan Asset at end of the year	98.55	113.81
Net Asset/(Liability) Recognised in Balance Sheet	(308.90)	(259.92)

Expense Recognised in Profit and Loss Account		
Current Service Cost	25.85	17.10
Interest Cost	28.90	24.29
Expected Return on Plan Assets	9.10	12.80
Actuarial loss/(gain) recognised in the year	3.80	87.92
Expense Recognised in Statement of Profit and Loss Account	⊕ 49.45	⊕ 116.51

⊕ Included in contribution to Provident and other Funds (Schedule 15)

Category of Plan Assets		
Investments with Life Insurance Corporation of India	98.55	113.81
Total	98.55	113.81
Actual Return on Plan Assets	9.19	9.65

Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0
Inflation Rate (%)	5.0	5.0
Return on Asset (%)	8.0	8.0

Notes on Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Staff Pension	Type B
	Unfunded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	2241.47	2299.58
Interest Cost	174.47	179.77
Current Service Cost	136.23	69.50
Benefits Paid	121.16	104.89
Actuarial loss/(gain) on obligation	106.86	(202.49)
Present Value of obligation at the end of the year	2537.87	2241.47
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	2537.87	2241.47
Fair Value of Plan Asset at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(2537.87)	(2241.47)
Expense Recognised in Profit and Loss Account		
Current Service Cost	136.23	69.50
Interest Cost	174.47	179.77
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	106.86	(202.49)
Expense Recognised in Statement of Profit and Loss Account	417.56	46.78
* included in Salaries, Wages, Bonus etc. (Schedule 15)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0
Inflation Rate (%)	5.0	5.0
Description	Medical Benefit Liability	
	Unfunded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	291.04	282.50
Interest Cost	23.28	22.60
Current Service Cost	-	-
Benefits Paid	14.07	13.67
Actuarial loss/(gain) on obligation	(10.37)	(0.39)
Present Value of obligation at the end of the year	289.88	291.04
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	289.88	291.04
Fair Value of Plan Asset at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(289.88)	(291.04)
Expense Recognised in Profit and Loss Account		
Current Service Cost	-	-
Interest Cost	23.28	22.60
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	(10.37)	(0.39)
Expense Recognised in Statement of Profit and Loss Account	*12.91	*22.21
* included in Insurance (Schedule 15)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0

Notes on Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Expatriate Pension	Unfunded
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	85.60	156.19
Interest Cost	4.90	10.21
Current Service Cost	-	-
Benefits Paid	48.63	57.18
Actuarial loss/(gain) on obligation	17.15	(23.62)
Present Value of obligation at the end of the year	59.02	85.60

Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	59.02	85.60
Fair Value of Plan Asset at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(59.02)	(85.60)

Expense Recognised in Profit and Loss Account		
Current Service Cost	-	-
Interest Cost	4.90	10.21
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	17.15	(23.62)
Expense Recognised in Statement of Profit and Loss Account	₹ 22.05	₹ (13.41)
₹ included in Salaries, Wages, Bonus etc. (Schedule 15)		

Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0

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

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

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

Other Particulars	Rs. Lakhs		
	2010	2009	2008
Gratuity Fund (Funded)			
Defined Benefit Obligation	8508.40	6903.02	6628.54
Plan Assets	7100.68	4952.18	4540.70
Surplus/(Deficit)	(1407.72)	(1950.84)	(2087.84)
Experience Adjustments on Plan Liabilities	235.67	(1.77)	92.57
Experience Adjustments on Plan Assets	306.47	(51.77)	130.38
Superannuation Fund (Funded)			
Defined Benefit Obligation	2018.52	2222.68	2418.93
Plan Assets	2233.99	2031.74	2203.06
Surplus/(Deficit)	215.47	(190.94)	(215.87)
Experience Adjustments on Plan Liabilities	(8.67)	67.79	26.22
Experience Adjustments on Plan Assets	141.63	(88.31)	24.02

Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

	2010	2009	Rs. Lakhs 2008
Staff Pension Fund Type A (Funded)			
Defined Benefit Obligation	407.45	373.73	303.81
Plan Assets	98.55	113.81	160.00
Surplus/(Deficit)	(308.90)	(259.92)	(143.81)
Experience Adjustments on Plan Liabilities	1.71	12.58	(8.20)
Experience Adjustments on Plan Assets	0.09	(58.99)	(1.32)
Staff Pension Fund Type B (Unfunded)			
Defined Benefit Obligation	2537.87	2241.47	2299.58
Plan Assets	Not Applicable (NA)	NA	NA
Surplus/(Deficit)	NA	NA	NA
Experience Adjustments on Plan Liabilities	47.53	(68.07)	(36.52)
Experience Adjustments on Plan Assets	NA	NA	NA
Medical Benefit Liability (Unfunded)			
Defined Benefit Obligation	289.88	291.04	282.50
Plan Assets	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA
Experience Adjustments on Plan Liabilities	(4.51)	(0.17)	(7.45)
Experience Adjustments on Plan Assets	NA	NA	NA
Expatriate Pension (Unfunded)			
Defined Benefit Obligation	59.02	85.60	156.19
Plan Assets	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA
Experience Adjustments on Plan Liabilities	7.52	(10.30)	(32.77)
Experience Adjustments on Plan Assets	NA	NA	NA

Provident Fund:

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

In terms of the Guidance on implementing Accounting Standard 15 (Revised 2005) on Employee Benefits issued by the Accounting Standard Board of The Institute of Chartered Accountants of India (ICAI), a provident fund set up by the Company is defined benefit plan in view of the Company's obligation to meet shortfall, if any, on account of interest. However, the Provident Fund Trusts of the Company do not have any interest shortfall at the year end.

The Actuary has expressed his inability to provide an actuarial valuation of the provident fund as at the year end in the absence of a Guidance Note from The Institute of Actuaries of India. Accordingly,

Notes on Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

complete information required to be considered as per AS 15 in this regard are not available and the same could not be disclosed.

The Company's contribution to the aforesaid provident fund for the year was Rs. 174.44 lakhs (31st March 2009 - Rs. 160.52 lakhs).

5. Pursuant to the Announcement on Accounting for Derivatives issued by ICAI in March, 2008, the Company has accounted for during the year losses amounting to Rs. Nil (31st March, 2009- Rs. 762.75 Lakhs) in respect of outstanding derivative contracts. Such derivative loss has been included in Exchange Loss (net) (Schedule 16). Further, loss amounting to Rs. Nil (31st March 2009-Rs. 178.77 Lakhs) on outstanding forward contracts relating to exports has been included in net exchange loss in Schedule 13.
6. There are certain overdue loans and advances, interest accrued on loans and other recoverable items aggregating Rs. 5295.68 lakhs (31st March 2009 - Rs. 5322.05 lakhs). These advances became overdue on account of the sluggish market conditions and the resultant difficulty in liquidating the assets by these parties. The management is actively continuing to pursue options for recovery of these loans and advances. As a measure of prudence, and in the management's best judgement Rs. 5295.68 lakhs (31st March 2009 - Rs. 5322.05 lakhs) are being held in provision for contingency, for overdue loans and advances etc. at the year end, (Refer Schedule 12 to Accounts).

7. Contingent Liabilities

7.1 Claims against the Company not acknowledged as debts :-

	31 st March 2010 Rs. Lakhs	31 st March 2009 Rs. Lakhs
Sales Tax	27.53	27.53
Electricity Dues	29.27	29.27
Assam Pollution Control Board	9.92	47.00
Provident Fund	68.43	-
Income Tax	84.59	124.62
Others	12.84	1.83

- 7.2 (a) Guarantees given on behalf of other companies to bank, Financial institutions etc. - limit Rs. 1000.00 lakhs (31st March 2009 - Rs. 9450.00 lakhs); Year end utilisation Rs. Nil (31st March 2009 - Rs. 2662.72 lakhs).
- (b) Guarantees given on behalf of a subsidiary - Rs. 11935.94 lakhs (31st March 2009 - Rs. Nil); Year end utilisation Rs. 10306.47 lakhs (31st March 2009 - Rs. Nil).
- 7.3 Bank Guarantees Rs. 89.04 lakhs (31st March 2009 - Rs. 127.71 lakhs)
- 7.4 Bills Discounted - Rs. 6452.41 lakhs (31st March 2009- Rs. 2460.05 lakhs)

Notes on Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

8. TAXATION

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

8.2 Year end Deferred Tax balance comprises the following :-

	31 st March 2010		31 st March 2009	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Deferred Tax Liability				
i) Differences between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws		7289.83		7140.72
Deferred Tax Assets				
i) Unabsorbed tax losses / depreciation	225.13	*	851.86	
ii) Voluntary Retirement Compensation	3.41		14.10	
iii) Items allowed for tax purpose on payment	655.50		298.65	
iv) Others	654.54	1538.58	723.75	1888.36
Net Deferred Tax Liability		5751.25		5252.36

* Absorption expected based on future taxable income.

9. Estimated Capital Commitment on account of contracts remaining to be executed and not provided for at the year-end is Rs. 904.63 lakhs (31st March 2009 - Rs. 186.69 lakhs). Such commitment, net of advances, is Rs. 313.77 lakhs (31st March 2009 - Rs. 106.43 lakhs).

10. Advances include :-

Loan to directors Rs. 13.46 lakhs (31st March 2009 - Rs. 16.76 lakhs) [Maximum amount due during the year Rs. 16.76 lakhs (31st March 2009 - Rs. 20.06 lakhs)] being originally initiated as advances to employees in the books of Eveready Industries India Limited, taken over in terms of a Scheme of Arrangement in 2004-05.

11. Business Segment

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

Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Geographical (Secondary) Segments

The geographical segments have been identified as follows :

(A) Sales revenue of Tea by geographical market:

	Year ended 31 st March 2010	Year ended 31 st March 2009
	Rs. Lakhs	Rs. Lakhs
- India	64946.89	51193.59
- Outside India	<u>42466.62</u>	<u>31483.49</u>
	<u>107413.51</u>	<u>82677.08</u>

(B) Assets by geographical market:

	As at 31 st March 2010	As at 31 st March 2009
	Rs. Lakhs	Rs. Lakhs
- India	199031.49	190486.52
- Outside India	<u>17.88</u>	<u>21.99</u>
	<u>199049.37</u>	<u>190508.51</u>

(C) Purchase of fixed assets by geographical market :

	Year ended 31 st March 2010	Year ended 31 st March 2009
	Rs. Lakhs	Rs. Lakhs
- India	4503.51	4065.99
- Outside India	<u>-</u>	<u>-</u>
	<u>4503.51</u>	<u>4065.99</u>

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

(A) List of Related Parties

Where control exists:

- Subsidiaries :

Borelli Tea Holdings Limited (BTHL)

Phu Ben Tea Company Limited (PBTCL)

Rwenzori Tea Investments Limited (RTI) (acquired during the year by BTHL)

James Finlay (Uganda) Limited (JFUL) (acquired during the year by BTHL)

Olyana Holdings LLC (OLYANA) (acquired during the year by BTHL)

otes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Others:

- Associates :

D1 Williamson Magor Bio Fuel Limited (D1)

Babcock Borsig Limited (BBL) (with effect from 30th April 2009)

- Key Management Personnel

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

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

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

(B) Transactions / Balances with Subsidiary

Name of Subsidiary	Nature of Transactions/Balances	Year ended 31 st March 2010	Year ended 31 st March 2009
		Rs. Lakhs	Rs. Lakhs
BTHL	Loan given	3750.00	-
	Loan repaid	1850.00	-
	Loan outstanding at year end	1900.00	-
	Advance taken	143.52	-
	Expenses incurred on their behalf being adjusted with the said advance	143.52	-
	Advance outstanding at year end	-	-
	Interest income	152.09	-
	Interest income receivable	119.18	-
	Subscription in Share Capital during the year	4620.26	-
	Royalty	418.68	333.23
	Royalty payable	114.18	102.40
	Licence Fees	34.80	38.68
	Licence Fees payable	10.14	16.04
	Dividend Paid	541.35	270.67
	Security provided for Bank Guarantee (Note 13 below)	1501.59	2543.25

(C) Transactions / Balances with Associate

Name of Associate	Nature of Transactions/Balances	Year ended 31 st March 2010	Year ended 31 st March 2009
		Rs. Lakhs	Rs. Lakhs
D1	Subscription in Share Capital during the year	436.86	1110.40
	Advance given and outstanding at the year end	-	25.74
	Advance repaid	25.74	-
	Expenses incurred on their behalf and reimbursement received	-	44.42

Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

(D) Transactions / Balances with Key Management Personnel

	Remuneration		Loan Outstanding at	
	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
AK	178.41	160.68	-	-
RT	84.09	69.42	11.53	13.93
AM	72.51	60.37	1.93	2.83
KKB	83.75	69.43	-	-
Total	418.76	359.90	13.46	16.76

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

	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
Directors' Sitting Fees		
BMK	1.00	0.40
DK	0.10	0.40
Commission		
BMK	1.20	1.20
DK	1.20	1.20
Amount outstanding at year end		
BMK	1.20	1.20
DK	1.20	1.20

13. Fixed Deposits (Schedule 8) are under lien and comprise the following :

a) Offered as security for a guarantee of USD 3.344 million (31 st March 2009-USD 5.014 million) (Rs. 1501.59 lakhs (31 st March 2009-Rs. 2543.25 lakhs)) issued by a bank on behalf of Borelli Tea Holdings Ltd., (U.K.), a wholly owned subsidiary of the Company in connection with repayment of certain dues by its wholly owned subsidiary, Phu Ben Tea Company Ltd., Vietnam.	1770.67	2700.00
b) Others	-	110.00
Total	<u>1770.67</u>	<u>2810.00</u>

14. In connection with an overseas acquisition of a subsidiary in 2005, the Income Tax authority has raised a demand of Rs.5278 lakhs during the year on the Company on account of alleged non-deduction of tax at source and interest thereon pertaining to the transaction. The Company has challenged the said demand before the appropriate authorities and the matter is pending. Further, the Company has obtained a stay against the said demand from the Hon'ble High Court of Calcutta. In any event, as per the related Share Purchase Agreement, Capital Gain tax or other tax, if any, relating to sale of shares etc. is to be borne by the seller and not the Company.

Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]**15. Earnings per Share :**

	Year ended 31 st March 2010	Year ended 31 st March 2009
a) Numerator used:		
Profit after Taxation (Rs. Lakhs)	24032.91	8878.59
b) Denominator used:		
Weighted Average Number of Equity Shares	10,94,55,735	10,94,55,735
c) Face Value of Equity Shares - Rs.	5	5
d) Dilutive Potential Equity Shares	-	-
e) Earnings per Share [Basic and Diluted] - Rs.	21.96	8.11

16. Revenue Expenditure on Research and Development Rs. 84.84 lakhs (31st March 2009 - Rs.82.85 lakhs) represent subscription to Tea Research Association.

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

	As at 31 st March 2010 Rs. Lakhs	As at 31 st March 2009 Rs. Lakhs
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year.		
Principal	0.20	7.79
Interest	1.62	0.18
	1.82	7.97
(ii) The amount of interest accrued and remaining unpaid at the end of accounting year	1.44	0.18
(iii) The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development (MSMED) Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.		
Principal	7.59	Nil
Interest	Nil	Nil
iv) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the MSEs, for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	Refer Item (ii) above	Refer Item (ii) above

The above particulars, as applicable, have been given in respect of MSEs to the extent they could be identified on the basis of information available with the Company.

18. Auditors' Remuneration :

	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
Audit Fees	28.00	23.00
Tax Audit Fees	12.50	10.00
Certification etc.	28.25	20.60
Out of Pocket Expenses	1.15	1.18
Service Tax	7.20	6.19

Notes on Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

19. Directors' Remuneration

- 19.1 Schedule of computation of Net Profit in accordance with Sections 198/349 of the Companies Act, 1956 for the purpose of Directors' remuneration for the year ended 31st March, 2010

	Year ended 31 st March 2010 Rs. Lakhs		Year ended 31 st March 2009 Rs. Lakhs	
Profit before Taxation as per Profit and Loss Account	31092.80		10410.65	
Add: Wealth Tax	35.00		30.00	
Compensation under Voluntary Retirement Scheme	-		1.28	
Provision for diminution in carrying amount of Long Term Investment	-		138.09	
Provision for doubtful debts/advances	219.07	254.07	124.00	293.37
Less: Profit on Sale of Long Term Trade Investments (net)	1.27		5.80	
Provision for Contingencies written back	26.37		52.89	
Provision for doubtful advances/deposits written back	28.41		168.20	
Provision for diminution in carrying amount of Investments written back	376.55	432.60	-	226.89
	30914.27		10477.13	
Add: Directors' Remuneration	438.36		375.20	
Net Profit under Section 198 / 349	31352.63		10852.33	

- 19.2 Details of Directors' Remuneration are given below:-

	Year ended 31 st March 2010 Rs. Lakhs		Year ended 31 st March 2009 Rs. Lakhs	
I. Wholtime Directors (including Managing Director)				
a) Salaries	183.00		165.00	
b) Contribution to Provident and other Funds	49.41		44.55	
c) Allowances	156.79		123.15	
d) Monetary Value of Perquisites	29.56		27.20	
	418.76		359.90	
II. Non-Wholtime Directors				
a) Director's Sitting Fees	10.00		5.70	
b) Commission @ 1 % of Net Profit Under Section 198/349 = Rs. 313.53 Lakhs (2008-09 - Rs. 108.52 Lakhs), which has been limited to	9.60		9.60	
	438.36		375.20	

Notes on Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

20. Consumption of Raw Material

	Unit	2009 - 10		2008 - 09	
		Qty	Rs. Lakhs	Qty	Rs. Lakhs
a) Green Leaf (purchased and consumed)	Tonne	41539.67	7173.31	31945.31	4345.50
Green Leaf (plucked and consumed)	Tonne	312631.27	[Note (b) below]	308796.56	[Note (b) below]
b) Green Leaf plucked (being raw material consumed) were harvested in the Company's own estates as agricultural produce involving integrated activities of nursery, cultivation, growth etc., and utilised in the manufacture of tea and its value at the intermediate stage is not readily ascertainable.					

21. Finished Goods Stock

		Opening Stock		Closing Stock	
		Qty. Tonne	Rs. Lakhs	Qty. Tonne	Rs. Lakhs
Tea (in Bulk)	2009 - 10	3326.09	2522.87	2242.36	1789.30
	2008 - 09	2941.58	2069.67	3326.09	2522.87

22. Capacities and Production

Class of Good - Tea (in Bulk)	Unit	Year ended 31 st March 2010	Year ended 31 st March 2009
a) Licensed / Regd. Capacity	Tonne	Not Applicable	Not Applicable
b) Installed Capacity (Note below)	Tonne	89300.00	85970.00
c) Saleable Production	Tonne	77179.90	74846.61

Note : As certified by the Management and on single shift basis.

23. Details of Imports on CIF Basis

	Year ended 31 st March 2010	Year ended 31 st March 2009
	Rs. Lakhs	Rs. Lakhs
Components and Spare Parts	426.56	231.40
Capital Goods	13.68	22.43

Notes on Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]**24. Sales**

	Year ended 31 st March 2010 Tonne	Year ended 31 st March 2009 Tonne
Tea (in Bulk)	78263.63	74462.10

25. Consumption of Stores, Spare Parts and Components

[including Rs. 1927.23 lakhs (31st March 2009 - Rs. 1774.83 lakhs) debited to other accounts]

	Year ended 31 st March 2010		Year ended 31 st March 2009	
	Rs. Lakhs	%	Rs. Lakhs	%
Imported	346.43	5.01	301.66	4.78
Indigenous	<u>6564.63</u>	<u>94.99</u>	<u>6005.03</u>	<u>95.22</u>
	<u>6911.06</u>	<u>100.00</u>	<u>6306.69</u>	<u>100.00</u>

26. Salaries, Wages and Bonus excludes Rs. 891.51 lakhs (31st March 2009 - Rs. 828.76 lakhs) and Stores and Spares consumed excludes Rs. 1927.23 lakhs (31st March 2009 - Rs. 1774.83 lakhs) debited to other accounts.**27. Expenditure in Foreign Currency**

	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
Consultancy (Net of Tax)	53.78	125.78
Pension	47.27	55.34
Travel	196.51	181.13
Selling Agents' Commission, Brokerage etc.	84.98	21.01
Ocean Freight	291.45	--
Royalty (Net of Tax)	259.25	181.36
Licence Fees (Net of Tax)	20.99	16.89
Others	11.95	14.16

28. Amount Remitted in Foreign Currency on account of :

	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
Dividend	546.19	273.15
Year to which the dividend relates	Year Ended 31st March 2009	Year Ended 31st March 2008
Number of Non-Resident Shareholders	59	57
Number of Shares held by Non-Resident Shareholders	27309551	27314911

Notes on Accounts for the year ended 31st March, 2010**Schedule 17 [Contd.]****29. Earning in Foreign Currency**

	Year ended 31 st March 2010	Year ended 31 st March 2009
	Rs. Lakhs	Rs. Lakhs
Export of Goods calculated on FOB Basis	42075.15	30839.63
Interest Income	26.32	-

30. Items of Expenditure in the Profit and Loss Account include reimbursements to and by the Company.

31. Previous year's figures have been rearranged / regrouped wherever necessary to make comparable with current year's figures.

Signatures to Schedules 1 to 17.

For PRICE WATERHOUSE
Firm Registration Number 301112E
Chartered Accountants

P. Law
Partner
Membership Number 51790

Kolkata
30th May, 2010

On behalf of the Board of Directors

A. Khaitan Managing Director

K. K. Baheti Wholetime Director

A. Guha Sarkar Company Secretary

**McLEOD RUSSEL INDIA LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

	2009-2010		2008-2009	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		31,092.80		10,410.65
Adjustments for :				
Provision for Doubtful Debts & Advances		219.07		124.00
Provision for diminution in Investments		(376.55)		138.09
Provision for contingency and other provisions written back		(54.78)		-
Liabilities no longer required written back		(14.45)		(626.42)
Refund of Dividend Tax		-		(157.39)
Dividend on Long Term Trade Investments		(56.88)		(32.36)
Depreciation and Amortisation		2,711.72		2,604.37
Adjustment for machinery spares included in fixed assets		61.86		-
(Profit) / Loss on sale of Long Term Trade Investments (Net)		(1.27)		(5.80)
Interest and foreign exchange fluctuation (Net)		2,526.95		7,836.87
(Profit) / Loss on disposal of Fixed Assets (Net)		96.20		100.41
Operating Profit before Working Capital changes		36,204.67		20,392.42
Adjustments for :				
Trade and Other Receivables	(2,543.23)		944.41	
Inventories	1,091.61		(1,989.75)	
Trade Payables	(903.78)	(2,355.40)	1,922.85	877.51
Cash Generated from operations		33,849.27		21,269.93
Payment of Direct Taxes(Including Fringe Benefit Tax)		(5,189.96)		(1,105.47)
Net Cash from Operating Activities		28,659.31		20,164.46
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(4,831.28)		(4,183.26)
Purchase of Investments		(436.86)		(1,110.40)
Purchase of Investments in a subsidiary		(4,620.26)		-
Disposal of Fixed Assets		50.99		57.16
Capital Subsidy Received		213.56		231.29
Loans Recovered / (given)		(1,675.00)		(808.00)
Sale of Long Term Trade Investments		1.41		2.69
Interest received		541.03		306.61
Dividend received		56.88		32.36
Net cash from / (used for) Investing Activities		(10,699.53)		(5,471.55)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long-term borrowings		5,500.00		9,820.57
Proceeds from Short-term borrowings (Net)		-		-
Repayment of Short Term Borrowings (Net)		(6,398.40)		(11,389.22)
Repayment of Long-term borrowings		(11,809.27)		(4,109.93)
Interest paid(Net of Subsidy)		(3,808.85)		(5,430.25)
Refund of Dividend Tax		-		157.39
Dividend paid / Transferred to Investor Education and Protection Fund		(2,165.22)		(1,088.66)
Dividend Tax paid		(148.82)		(69.05)
Net cash from / (used for) financing activities		(16,830.56)		(12,109.15)
D. EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON				
Cash and Cash Equivalents		(0.15)		(0.21)
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C+D)		(870.93)		2,583.55
Cash and Cash Equivalents on Opening date (Schedule 8)		3,062.96		479.41
Cash and Cash Equivalents on Closing date(Schedule 8)		2,192.03		3,062.96
Changes in Cash and Cash Equivalents - Increase/ (Decrease)		(870.93)		2,583.55



McLEOD RUSSEL INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010 [Contd.]

Notes :

- 1 The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 Cash Flow Statement prescribed under the Companies Act, 1956.
- 2 Also refer Notes 13 and 31 on Schedule 17.
- 3 Schedule referred to above from an integral part of the Cash Flow Statement.

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

For and on behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number:301112E
Chartered Accountants

P. Law
Partner
Membership No. 51790

Kolkata, 30th May 2010

A. Khaitan	-	Managing Director
K. K. Baheti	-	Wholesale Director
A. Guha Sarkar	-	Company Secretary

McLEOD RUSSEL INDIA LIMITED

Schedules to Accounts

Balance Sheet Abstract and Company's General Business Profile
[In terms of Schedule VI Part IV]

I. Registration Details

Registration No.

8 7 0 7 6

State Code :

2 1

Balance Sheet Date

3 1

0 3

2 0 1 0

Date

Month

Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities (including
Shareholders' Fund)

1 6 9 4 4 7 5 5

Total assets

1 6 9 4 4 7 5 5

Sources of Funds

Paid-Up Capital

5 4 7 2 7 9

Reserves and Surplus

1 3 0 2 3 2 6 6

Deferred Tax Liability

5 7 5 1 2 5

Secured Loans

2 7 9 9 0 8 5

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

1 4 5 6 0 1 4 4

Investments

2 5 9 4 6 0 5

+ -

Net Current Assets

1 2 0 9 9 9 4

Accumulated Losses

N I L

Misc. Expenditure

N I L

IV. Performance of Company (Amount in Rs. Thousands)

Turnover / Income

1 1 1 1 5 1 5 2

Total Expenditure (net of changes in stocks)

8 0 0 5 8 7 2

+ -

Profit Before Tax

3 1 0 9 2 8 0

(Please tick appropriate box

+ for Profit - for Loss)

+ -

Profit After Tax

2 4 0 3 2 9 1

(Please tick appropriate box

+ for Profit - for Loss)

Earning Per Share in Rs.

2 1 - 9 6

Dividend Rate %

8 0

V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No.

0 9 0 2 4 0 1 0 2

(ITC Code)

Product Description

I N D I A N B L A C K T E A

A. Khaitan

K. K. Baheti

- Managing Director

- Wholtime Director

Kolkata,
30th May, 2010

A. Guha Sarker

- Company Secretary

McLEOD RUSSEL INDIA LIMITED

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

1 Name of the Subsidiary	Borelli Tea Holdings Ltd.	Phu Ban Tea Company Ltd., Rwerorori Tea Investments Ltd.	James Finlay (Uganda) Limited	Oryana Holdings LLC
2 Country of Incorporation	U.K.	Vietnam	Uganda	U.S.A
3 Financial year of the Subsidiary Company ends on	31-03-2010	31-12-2009	31-12-2009	31-12-2009
4 Reporting Currency	Gbp	Vietnamese Dong (VND)	Uganda Shillings (UGShs)	USD
5 Holding Company's Interest Percentage of Shareholding	100%	100%	100%	75%
6 The net aggregate amount of the Subsidiary's profit/(loss) so far as it concerns Members or the Holding Company and is not dealt with in the Holding Company's accounts:				
i) for the financial year of the Subsidiary - in equivalent Rs. Lakhs	(370.33)	260.36	N.A.	(167.57)
ii) for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary - in equivalent Rs. Lakhs	3,278.88	N.A.	N.A.	N.A.
7 The net aggregate amount of the Subsidiary's profit/(loss) dealt with in the Holding Company's accounts:				
i) for the financial year of the Subsidiary	-	-	N.A.	N.A.
ii) for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	-	N.A.	N.A.	N.A.
8 Whether there has been any, and, if so, what change in the Holding Company's interest in the Subsidiary between the end of the financial year or of the last financial years of the Subsidiary and the end of the Holding Company's financial year	-	-	100%	-
9 Details of any material changes which have occurred between the end of the financial year or of the last of financial years of the Subsidiary and the end of the Holding Company's financial year in respect of:-				
i) fixed assets	-	-	-	-
ii) investments	-	-	-	-
iii) moneys lent by the Subsidiary	-	-	-	-
iv) moneys borrowed by the Subsidiary for any purpose other than that of meeting current liabilities	-	-	-	-
Place : Kolkata Date : 30th June, 2010			A. Kishan K. K. Ballest	- Managing Director - Wholetime Director A. Chitra Sankar - Company Secretary



**Consolidated
Financial Statements
with Auditors' Report**



AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF McLEOD RUSSEL INDIA LIMITED

The Board of Directors of McLeod Russel India Limited

1. We have audited the attached consolidated Balance Sheet of McLeod Russel India Limited (the "Company") and its subsidiaries and associate companies; hereinafter referred to as the "Group" (refer Note 2 on Schedule 17 to the attached consolidated financial statements) as at 31st March, 2010, the related consolidated Profit and Loss Account 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 (i) five subsidiaries included in the consolidated financial statements, which constitute total assets of Rs. 42024.42 Lakhs and net assets of Rs. 24735.05 Lakhs as at 31st March, 2010, total revenue of Rs. 2955.26 Lakhs, net loss of Rs. 964.18 Lakhs and net cash inflows amounting to Rs. 1756.43 Lakhs for the year then ended; and (ii) two associate companies which constitute net loss of Rs. 329.98 Lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements and AS 23 - Accounting for Investments in Associates in Consolidated Financial Statements, notified under sub-section 3C of Section 211 of the Companies Act, 1956.

**AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF McLEOD RUSSEL INDIA LIMITED (contd.....)**

5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
 - (b) in the case of the consolidated Profit and Loss Account, 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.

Kolkata, 30th May, 2010

For Price Waterhouse
Firm Registration Number: 301112E
Chartered Accountants
P. Law
Partner
Membership Number - 51790

McLEOD RUSSEL INDIA LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	31st March 2010		31st March 2009	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	5472.79		5472.79	
Reserves and Surplus	2	131535.42	137008.21	114235.84	119708.63
Loan Funds	3				
Secured		38803.40		38726.83	
Unsecured		1403.41		3000.00	
			40206.81		41726.83
Deferred Tax Liability [Note 9.2 on Schedule 17]			7160.37		5252.36
			<u>184375.39</u>		<u>166687.82</u>
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		227100.99		205780.26	
Less : Depreciation and amortisation		50752.53		41558.40	
Net Block		176348.46		164221.86	
Capital Work-in-Progress		1655.46	178003.92	1679.15	165901.01
Investments	5		3499.28		1978.52
Current Assets, Loans and Advances					
Inventories	6	8003.13		6941.50	
Sundry Debtors	7	2726.08		2563.89	
Cash and Bank Balances	8	5263.01		3879.73	
Other Current Assets	9	6445.34		5681.01	
Loans and Advances	10	13700.74		8415.00	
		<u>36138.30</u>		<u>27481.13</u>	
Less : Current Liabilities and Provisions					
Current Liabilities	11	14343.73		13773.17	
Provisions	12	18922.38		14899.67	
		<u>33266.11</u>		<u>28672.84</u>	
NET CURRENT ASSETS			2872.19		(1191.71)
			<u>184375.39</u>		<u>166687.82</u>
Notes on Consolidated Accounts	17				

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

For PRICE WATERHOUSE
Firm Registration No. 301112E
Chartered Accountants

P. Law
Partner
Membership No. 51790
Kolkata, 30th May, 2010

The Schedules referred to above form an integral part of the Consolidated Balance Sheet.

For and on behalf of the Board of Directors

A. Khaitan - Managing Director

K. K. Baheti - Wholetime Director

A. Guha Sarkar - Company Secretary

**McLEOD RUSSEL INDIA LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

		Year ended 31st March 2010	Year ended 31st March 2009
	Schedule	Rs. Lakhs	Rs. Lakhs
INCOME			
Sales	13	110620.38	82866.62
Other Income	14	3485.13	2728.37
Closing Stock		2718.07	2522.87
		<u>116823.58</u>	<u>88137.86</u>
EXPENDITURE			
Opening Stock		2522.87	2069.67
Stock added on Consolidation		379.56	-
Expenses	15	77221.00	65088.63
		<u>80123.43</u>	<u>67158.30</u>
Profit before Interest, Depreciation and Taxation		36700.15	20979.56
Interest and Exchange Fluctuation (Net)	16	2961.24	7591.16
Depreciation and Amortisation [Note 4 on Schedule 17]		3229.52	3268.74
Profit before Taxation, Share of Earnings from Associates and Minority Interest		<u>30509.39</u>	<u>10119.66</u>
Taxation Charge			
Current Tax		6640.38	1038.04
Deferred Tax		496.89	297.06
Fringe Benefit Tax		-	220.00
Profit after Taxation but before Share of Earnings from Associates and Minority Interest		<u>23370.12</u>	<u>8564.56</u>
Share of Associates' Earnings /(Loss) (Net)		(329.98)	(217.28)
Profit after Taxation and share of Associates' Earnings /(Loss) (Net) but before Minority Interest		<u>23040.14</u>	<u>8347.28</u>
Minority Interest		51.95	-
Profit after Taxation and Minority Interest		<u>23092.09</u>	<u>8347.28</u>
Balance brought forward from Previous Year		7370.62	7313.82
Adjustment on account of Dividend (Note 18 on Schedule 17)		541.35	270.67
Balance available for Appropriations		<u>31004.06</u>	<u>15931.77</u>
Proposed Dividend		4378.23	2189.11
Tax on Proposed Dividend		727.17	372.04
Transfer to General Reserve		14000.00	6000.00
Balance carried forward to Balance Sheet		<u>11898.66</u>	<u>7370.62</u>
Earnings per share [Basic and Diluted - Rs.] [Note 16 on Schedule 17]		21.10	7.63

Notes on Consolidated Accounts

17

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

The Schedules referred to above form an integral part of the Consolidated Profit and Loss Account.

For PRICE WATERHOUSE
Firm Registration No. 301112E
Chartered Accountants

For and on behalf of the Board of Directors

A. Khaitan - Managing Director

K. K. Baheti - Wholetime Director

A. Guha Sarkar - Company Secretary

P. Law
Partner
Membership No. 51790
Kolkata, 30th May, 2010



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Consolidated Balance Sheet as at 31st March, 2010

SCHEDULE 1

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
SHARE CAPITAL		
Authorised		
12,00,00,000 Equity Share of Rs. 5/- each:	6000.00	6000.00
Issued, subscribed and paid-up		
1,00,33,705 Equity Share of Rs. 5/- each fully paid up	501.69	501.69
9,94,22,030 Equity Shares of Rs. 5/- each fully paid up issued pursuant to Scheme of Arrangement / Schemes of Amalgamation without payment being received in cash.	4971.10	4971.10
	5472.79	5472.79

SCHEDULE 2

RESERVES AND SURPLUS

	General Reserve	Securities Premium	Capital Reserve	Revaluation Reserve	Other Reserve *	Foreign Currency Translation Adjustment Account	Total
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Balance as per last Account	19686.88	11053.58	201.68	57288.15	19209.20	(574.27)	106965.22
Less : Surplus/(deficit) arising on disposal/scraping of revalued assets transferred to Profit and Loss Account				5.90			5.90
Less : Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets [Note 4 on Schedule 17]				437.46			437.46
	19686.88	11053.58	201.68	56844.79	19209.20	(574.27)	106421.86
Add : Amount adjusted during the year						(785.10)	(785.10)
Add : Transferred from Profit and Loss Account	14000.00						14000.00
Add : Profit and Loss Account (31st March 2009 - Rs. 7370.62 lakhs)							11898.66
Balance as at 31st March, 2010	33686.88	11053.58	201.68	56844.79	19209.20	(1359.37)	131535.42

* Represents the balance amount of Reserve which had arisen on Transfer of Bulk Tea Division of Eveready Industries India Limited

**McLEOD RUSSEL INDIA LIMITED****Schedules annexed to Consolidated Balance Sheet as at 31st March, 2010****SCHEDULE 3**

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
LOAN FUNDS		
SECURED LOANS		
Cash Credit, Packing Credit and Demand Loans	8709.26	12298.67
TERM LOANS :		
Standard Chartered Bank	100.26	-
Housing Development Finance Corporation Limited	-	2318.81
HDFC Bank Ltd	4669.36	6323.93
Axis Bank Limited	5416.00	6500.00
ICICI Bank Limited	9193.74	11243.95
ICICI Bank Limited - Vehicle Loans	2.49	6.95
Tea Board	-	34.52
ICICI Bank UK Plc	10306.47	-
Vietnames Commercial Bank for Industry & Trade	405.82	-
	<u>38803.40</u>	<u>38726.83</u>
UNSECURED LOANS		
Short Term Loans		
A Body Corporate	1403.41	-
HDFC Bank Limited	-	3000.00
	<u>1403.41</u>	<u>3000.00</u>



McLEOD RUSSEL INDIA LIMITED
Schedules annexed to Consolidated Balance Sheet as at 31st March, 2010
SCHEDULE 4

FIXED ASSETS

ASSETS	GROSS BLOCK AT COST OR VALUATION			DEPRECIATION / AMORTISATION			NET BLOCK	
	As at 31st March, 2009	Added on circulation (Note 2(b) on Schedule 17)	Subsidiary revaluations (Note 2(a) on Schedule 17)	As at 31st March, 2009 (Note 8 below)	Added on circulation (Note 2(b) on Schedule 17)	For the year (Note 7 below)	As at 31st March, 2010 (Note 8 below)	Written down value as at 31st March, 2010
Intangibles								
Trade Marks	7503.67	-	163.22	7340.45 (Note 1 below)	2184.36	599.53 (Note 7 below)	2710.64	4629.81
Accounting Software and Upgrades	0.94	-	0.17	0.77	0.94	-	0.77	-
Goodwill	20.44	-	-	20.44	20.44	-	20.44	-
Goodwill on Consolidation	17232.85	-	25.91	19027.59	-	-	-	17232.85
Tangibles								
Land and Development	88938.97	6002.01	99.53	95076.84	2545.92	15.15	2543.45	92535.39
Land - Freehold	2981.83	-	-	2981.83	-	-	-	2981.83
Buildings	51817.79	3248.20	261.11	55518.45	14719.86	1053.72	16635.18	39883.27
Plant and Machinery	30913.70	6601.81	906.22	39521.95	18314.00	1006.83	24484.50	14509.45
Motor and Other Vehicles	4684.20	285.94	245.89	5100.70	2822.56	183.38	3135.99	1967.71
Furniture and Fittings	1685.70	260.64	82.42	1954.97	948.92	80.95	1221.56	733.41
31st March, 2010	205780.26	18219.34	1785.47	227100.99	41558.40	3666.98	50752.53	176348.46
31st March, 2009	198480.83	4262.00	1028.56	205780.26	36599.80	3719.94	41558.40	164221.86

Notes:

- The above comprise :
 - Trade Mark (Brand WM Logo) of Rs. 5000.00 lakhs (31.03.09 - Rs. 5000.00 lakhs) acquired by the Parent Company which is being amortised over a working life of 20 years on prudent basis based on the valuation obtained by the management considering the factor like effective life / utility; and
 - Other Trade Marks of Rs. 2340.45 lakhs (31.03.09 - Rs. 2503.67 lakhs) acquired by a subsidiary, which are being amortised over the expected economic lives of 5 to 20 years.
- Conveyance deed is pending execution for Bahigara Tea estate for Rs. 293 lakhs (31.03.09 - Rs. 293 lakhs) of the Parent Company
- Certain tea estates of the Parent Company are mortgaged by way of first charge in favour of banks for the loan availed by Eveready Industries India Limited, the outstanding amount of which is Rs. Nil (31.03.09 - Rs. 1952 lakhs)
- Includes Capital Subsidy of Rs. 213.56 lakhs (31.03.09 - Rs. 231.20 lakhs).
- Includes foreign exchange adjustment of Rs. 1024.87 lakhs
- Includes Foreign exchange adjustment of Rs. 399.98 lakhs
- Includes Prior Period Adjustment of Rs. Nil (31.03.09 - Rs. 264.20 lakhs) relating to a subsidiary.
- The opening and closing balance of Depreciation and Amortisation includes an Impairment Loss as set out below:-

	Impairment Loss as at
	31st March 2010
Estate and Development	Rs. Lakhs
Buildings	2440.32
Plant and Machinery	1217.25
	3657.57
	4020.00



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Consolidated Balance Sheet as at 31st March, 2010

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
SCHEDULE 5		
INVESTMENTS		
[Note 1.3 on Schedule 17]		
In Equity Shares of Rs.10 each fully paid (except otherwise stated)		
Long Term Investments		
- Trade		
QUOTED		
Murabblack India Limited 500000 shares	-	-
McNally Bharat Engineering Co. Limited 3052295 Shares	131.25	131.25
Williamson Financial Services Limited 1666853 Shares	519.33	519.33
Eveready Industries India Limited 1663289 Shares of Rs. 5/- each	169.66	169.66
Kilburn Engineering Limited 848168 Shares	36.05	36.05
The Standard Batteries Limited 2007640 Shares of Rs. 0.50 each	-	-
Kilburn Chemicals Limited 350200 Shares	14.04	14.04
Kilburn Office Automation Limited 31340 Shares	1.27	1.27
UNQUOTED		
Babcock Borsig Limited 3305987 (31.03.09 - 911987 Shares (Note 1 and 4 below))	1170.48	91.73
Dewrance Macneill & Co. Limited 200000 Shares	-	-
Kilburn Electricals Limited 28000 Shares	-	-
Cosepa Fiscal Industries Limited 350000 Shares	-	-
Delhi Golf & County Club Private Limited 35750 Shares of Rs.100/- each	-	-
Project India Blend Private Limited 250000 Shares	8.25	8.25
D1 Williamson Magor Bio Fuel Limited 6807101 (31.03.09 - 5350914) Shares (Note 3 below)	1453.59	1387.99
- Others		
QUOTED		
Suryachakra Seafood Limited 400000 Shares	-	-
Jindal Polyfilms Limited Nil (31.03.2009 - 400) Shares	-	0.14
Carried Forward	3503.92	2359.71



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Consolidated Balance Sheet as at 31st March, 2009

SCHEDULE 5 [Contd.]

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
Brought Forward	3503.92	2359.71
UNQUOTED		
Jalpaiguri Club Limited 523 Shares	-	-
Johnston Casting and Allied Industries Limited 3500 Shares fully paid	-	-
Nilpur Marketing Pvt. Limited 12500 Shares	1.25	1.25
Nilhat Shipping Company Limited 1000 Shares	0.10	0.10
Woodlands Medical Centre Limited Rs. 89500 5% Non Redeemable Mortgage Debenture Stock	0.36	0.36
Rs.6600-1/2% Registered Mortgage Debenture	-	-
Thakurbari Club Limited 56 Preference Shares of Rs.100 each	-	-
CFL Capital Financial Services Ltd. 1154790 13% Redeemable Cumulative Preference Shares of Rs.100 each	1160.56	1160.56
- Investments in Government Securities		
QUOTED		
8% Government of India Loan, 2011	1.26	1.26
7% Government of India Loan, 2009 (matured during the year)	1.35	1.35
9% Government of India Loan, 2013	0.63	0.63
UNQUOTED		
National Defence Bond (Deposited with Excise Authorities)	0.02	0.02
	4669.45	3525.24
Less : Provision for diminution in carrying amount of Investments	1170.17	1546.72
	3499.28	1978.52

Notes :

1. Following Shares are pledged against loans availed by the Parent Company

Babcock Borsig Limited

Nos.

Nos.

911987

911987

- 2.

Aggregate market value of quoted investments

31st March 2010

31st March 2009

Rs. Lakhs

Rs. Lakhs

11184.84

1826.68

Book Value of quoted investments

874.84

874.98

Period end gross diminution in carrying amount of quoted and unquoted investments

1170.17

1546.72

Book Value of unquoted investments

3794.61

2650.26

3. Investment in D1 Williamson Megor Bio Fuel Limited (Associate Company) :
[Note 2 (c) on Schedule 17]

Share in Net Assets on Acquisition

1527.49

1148.08

Add: Goodwill arising on Acquisition

514.64

457.19

Cost of Investment

2042.13

1605.27

Less : Group's share in accumulated loss :

As per last account

217.28

217.28

Loss for the year

371.26

217.28

588.54

1387.99

1453.59

1387.99

4. Investment in Babcock Borsig Limited (Associate Company) :
[Note 2 (c) on Schedule 17]

Share in Net Assets on Acquisition

1514.38

Less : Capital Reserve arising on Acquisition

385.18

Cost of Investment

1129.20

Add : Group's share in retained earnings/Profit for the year

41.28

1170.48



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Consolidated Balance Sheet as at 31st March, 2010

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
SCHEDULE 6		
INVENTORIES		
At lower of cost or net realisable value		
Stores	4396.23	4039.07
Finished Goods	2718.07	2522.87
Finished Goods added on consolidation [Note 2 (b) on Schedule 17]	888.83	379.56
	8003.13	6941.50
SCHEDULE 7		
SUNDRY DEBTORS		
Secured - Considered Good		
Outstanding for a period exceeding six months	350.00	-
Other Debts	-	350.00
Unsecured - Considered Good		
Outstanding for a period exceeding six months [includes doubtful debts Rs. 255.45 lakhs (31.03.09 - Rs. Nil)]	731.01	620.13
Other Debts [includes doubtful debts Rs. Nil (31.03.09 - Rs. 100.00 Lakhs)]	1900.52	1693.76
	2981.53	2663.89
Less : Provision for doubtful debts	255.45	100.00
	2726.08	2563.89
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash in hand	309.55	75.08
Cheques in hand	0.56	1.06
Balances with Scheduled Banks on :		
Margin Money Accounts	12.91	49.11
Current Accounts	166.75	97.06
Fixed Deposit Account [Note 14(a) on Schedule 17]	1770.67	2810.00
Dividend Accounts	65.11	41.22
Escrow Accounts/Fractional Share Sale Proceeds Account	0.50	0.52
Balances with Non - Scheduled Banks on :		
Margin Money Accounts	27.21	-
Current Accounts	1782.31	116.78
Fixed Deposit Account [Note 14(b) on Schedule 17]	1127.44	-
Term Deposit Account	-	688.90
	5263.01	3879.73
SCHEDULE 9		
OTHER CURRENT ASSETS		
Unsecured - Considered Good unless otherwise stated [Note 7 on Schedule 17]		
Book value of Investments held through Trust -2,70,67,500 (31.03.09 - 2,70,67,500) Equity Shares of Rs. 5 each in the Parent Company pursuant to a Scheme of Arrangement and a Scheme of Amalgamation given effect to in earlier years	853.97	913.52
Interest Accrued on Loans and Deposits [including considered doubtful Rs. 173.35 lakhs (31.03.09 - Rs. 173.35 lakhs)]	2642.56	2653.44
Subsidies receivable from Government	1361.40	1734.54
Accrued duty exemption benefits pertaining to exports	1182.25	552.86
Others [Including Foreign Exchange Derivative Assets Rs. 535.76 lakhs (31.03.09 - Rs. Nil)]	578.51	-
	6618.69	5854.36
Less : Provision for doubtful interest receivable	173.35	173.35
	6445.34	5681.01



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Consolidated Balance Sheet as at 31st March, 2010

	31st March 2010 Rs. Lakhs	31st March 2009 Rs. Lakhs
SCHEDULE 10		
LOANS AND ADVANCES		
Unsecured - Considered Good unless otherwise stated [Note 7 on Schedule 17]		
Loans to Bodies Corporate	2280.55	1881.00
[Includes Rs. 248 lakhs (31.03.09 - Rs. 198 lakhs) - considered doubtful]		
Advances recoverable in cash or in kind or for value to be received [includes Rs. 92.15 lakhs (31.03.09 - Rs. 68.41 lakhs) - considered doubtful] [Note (a) below]	6511.23	5186.67
Advance given for proposed acquisition of a Company [Note 22 on Schedule 17]	1080.32	-
Balance with Excise Authorities	11.67	19.97
Deposits [Note (b) below]	4157.12	1593.77
	<u>14040.89</u>	<u>8681.41</u>
Less: Provision for doubtful loans, advances and deposits	340.15	266.41
	<u>13700.74</u>	<u>8415.00</u>

Notes: Includes -

(a) Advance against fixed assets: Rs. 590.86 lakhs (31.03.09 -
Rs. 80.26 lakhs)(b) Rs. 2973.39 lakhs (31.03.09 - Rs. 473.39 lakhs) with National
Bank for Agriculture and Rural Development**SCHEDULE 11**
CURRENT LIABILITIES

Sundry Creditors	13576.69	13378.78
Advances from Customers / Selling Agents	480.41	190.07
Investor Education and Protection Fund shall be credited by the following amounts namely (Note below)		
Unpaid Dividend	65.11	41.22
Unpaid Matured Deposits	0.56	2.07
Interest accrued on Unpaid Matured Deposits	0.26	0.84
Unclaimed Fractional Share Sale Proceeds	0.50	0.52
Interest accrued but not due on loans	220.20	159.67
	<u>14343.73</u>	<u>13773.17</u>

Note : No amount is due for credit at the year-end

SCHEDULE 12
PROVISIONS

Provision for Income Tax (Net of Advance Tax)	2973.73	1318.51
Provision for Fringe Benefit Tax (Net of Advance Tax)	80.58	199.13
Proposed Dividend	4378.23	2189.11
Provision for Tax on Proposed Dividend	1177.83	599.48
Provision for Employee Benefits	5016.33	5271.39
Provision for Contingencies- [Note 7 on Schedule 17]		
Overdue loans and advances, interest receivable etc.	5295.68	5322.05
	<u>18922.38</u>	<u>14899.67</u>



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Consolidated Profit and Loss Account for
the Year ended 31st March, 2010

	Year ended 31st March 2010 Rs. Lakhs	Year ended 31st March 2009 Rs. Lakhs
SCHEDULE 13		
SALES		
Tea [including net exchange gain/(loss) Rs. 595.71 lakhs (2008-09 - Rs. (1463.95) lakhs)]	110335.86	82677.08
Other Sales	284.52	209.54
	<u>110620.38</u>	<u>82886.62</u>
SCHEDULE 14		
OTHER INCOME		
Sundry Income	144.92	341.76
Subsidy on Orthodox Tea	176.38	166.68
Replantation Subsidy	217.92	216.26
Excise Duty Rebate	1.10	1.35
Accrued duty exemption entitlements relating to exports / premium on sale thereof	2383.78	1277.83
Profit on Sale of Long Term Trade Investments (Net)	-	5.80
Provision for diminution in carrying amount of Investments no longer required written back.	376.55	-
Insurance Claims	113.15	59.91
Dividend on Long Term Trade Investments (Gross)	56.88	32.36
Liabilities etc. no longer required written back.	14.45	626.42
	<u>3485.13</u>	<u>2728.37</u>



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Consolidated Profit and Loss Account for
the Year ended 31st March, 2010

	Year ended 31st March 2010		Year ended 31st March 2009	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
SCHEDULE 15				
EXPENSES				
Salaries, Wages, Bonus etc.		27194.63		24054.55
Contribution to Provident and Other Funds		4332.93		3450.05
Labour and Staff Welfare		5056.50		4691.57
Purchase of Green Leaf		8943.56		4345.50
Consumption of Stores and Spare Parts		5185.83		4531.86
Power and Fuel		9517.03		8676.44
Rent		60.94		56.25
Lease Rent		6.67		7.50
Repairs				
- Buildings		1794.32		1524.35
- Machinery		1722.01		1524.79
- Others		814.20		1047.40
Insurance		375.25		315.88
Rates and Taxes [including wealth tax Rs. 35 lakhs (2008-09 - Rs. 30 lakhs)]		825.33		756.65
Cess on Black Tea		240.38		233.15
Assam Green Leaf Cess		920.97		924.91
Travelling		995.69		907.02
Loss on disposal of Fixed Assets (net)		96.20		100.41
Loss on sale of Investments (net)		33.93		-
Legal and Professional Fees		953.03		724.24
Freight, Shipping and Selling Expenses [Net of Transport Subsidy Rs. 407.79 lakhs (2008-09 - Rs. 321.18 lakhs)]		4712.11		4607.03
Brokerage on Sales		471.06		418.04
Selling Agents' Commission		515.03		273.62
Provision for diminution in carrying amount of Investments		-		138.09
Bad Debts/Deposits/Advances/Other Current Assets written off	57.07		221.09	
Less: Adjusted from Provisions (Note below)	54.78	2.29	221.09	-
Provision for doubtful debts and advances		219.07		124.00
Miscellaneous Expenses		2232.04		1455.33
		77221.00		65088.63

Note :

comprises provision for contingencies Rs. 26.37 lakhs (2008-09 - Rs.52.89 lakhs and provision for doubtful debts/advances Rs. 28.41 lakhs (2008-09 - Rs. 168.20 lakhs)

SCHEDULE 16**INTEREST AND EXCHANGE FLUCTUATION [NET]****Interest Charge**

On Fixed Loans	3611.30	3749.17
On Others	1164.04	2180.18
Exchange loss / (gain) on Foreign Exchange Translation in respect of Loans etc.	(811.56)	2380.14
	3963.78	8309.49
Less : Interest Subsidy	389.12	344.39
	3574.66	7965.10

Less :

Interest Income (Gross)

On Deposit	284.55	184.24
[Tax deducted at source Rs. 32.88 lakhs (2008-09 - Rs. 11.74 lakhs)]		
On Loans	265.97	144.87
[Tax deducted at source Rs. 57.33 lakhs (2008-09 - Rs. 19.18 lakhs)]		
On Loans to Subsidiaries	61.90	-
On Tax Refunds	1.00	44.83
	613.42	373.94
	2961.24	7591.16

Notes on Consolidated Accounts for the year ended 31st March, 2010

Schedule 17

1. SIGNIFICANT ACCOUNTING POLICIES**1.1 Fixed Assets**

Fixed Assets (tangibles) are stated at cost or valuation. Cost of extension planting is capitalised. Fixed assets (intangibles) are stated at acquisition cost. An impairment loss is recognised wherever the carrying amount of the fixed assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher.

In case of a subsidiary company, Estates and Development (being treated as biological assets by the said subsidiary company) are measured at each balance sheet date at fair value less estimated point-of-sale costs. Any gains arising from subsequent changes in fair value less estimated point-of-sale costs are recognised in the profit and loss account in the year in which they arise. The fair value of standing tea bush is estimated as the present value of expected future cash flows discounted using an appropriate discount rate.

1.2 Depreciation / Amortisation

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

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

	Years
Buildings	20 - 40, 5-15
Plant and Machinery	12, 5-20
Estate and Development	33.33
Furniture and Fittings	8, 3-5
Motor and Other Vehicles	5 - 10, 4

Intangible fixed assets are amortised on straight line method over their estimated economic lives as set out in Schedule 4.

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

1.3 Investments

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

1.4 Inventories

Inventories are valued as under :

- Stores and Spare Parts : At lower of cost (determined under weighted average method) and net realisable value.
- Finished Goods : At lower of weighted average cost (including attributable charges and levies) and net realisable value.
- In case of a subsidiary company, Inventories are valued at lower of cost and net realisable value, cost being determined under FIFO method.

Notes on Consolidated Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

1.5 Sales

Sale is recognised on completion of sale of goods. Sale includes tea claim and is net of sales return, sales tax etc.

1.6 Employee Benefits**a. Short Term Employee Benefits:**

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

b. Post Employment Benefit Plans:

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

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

c. Other Long Term Employee Benefits (Unfunded):

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

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

1.7 Borrowing Cost

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

1.8 Research and Development

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

1.9 Recognition of Income and Expenditure

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

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

1.10 Accounting for Taxes on Income

Current Tax in respect of taxable income is recognised based on applicable tax rates and laws. Deferred Tax is recognised subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof.

1.11 Transactions in Foreign Currencies

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

1.12 Derivative Instruments

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

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

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

1.13 Government Grants

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

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

1.14 Consolidation

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

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



Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

- (b) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances in all material respects and are presented to the extent practicable and possible, in the same manner as the Parent Company's separate financial statements.
- (c) The excess of cost to the Parent Company of its investment in the subsidiary companies over the Parent's portion of equity of the subsidiary companies at the date those became subsidiary companies is recognised in the financial statements as goodwill which is not amortised.
- (d) The translation of the functional currencies into Indian Rupees (reporting currency) is performed for equity in the foreign subsidiaries, assets and liabilities using the closing exchange rate at the Balance Sheet date, and for revenues, costs and expenses using average exchange rates prevailing during the period. The resultant exchange difference arising out of such transactions is recognised as part of equity (Foreign Currency Translation Adjustment Account) by the Parent Company until the disposal of investment.
- (e) Investment in Associate Companies is accounted for in accordance with AS-23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' prescribed under the Act, under equity method.
2. (a) The Consolidated Financial Statements for the year comprise the financial statements of the Parent Company and its subsidiary companies as detailed below:-

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at 31 st March		Reporting Date
		2010	2009	
Subsidiaries				
i) Bareilly Tea Holdings Limited (BTHL)	United Kingdom	100%	100%	31 st March
ii) Phu Ben Tea Company Limited (Phu Ben)	Vietnam	100%	100%	31 st December
iii) Rwenzori Tea Investments Limited (RTIL)	Uganda	100%	-	31 st December
iv) James Finlay (Uganda) Limited (JFUL)	Uganda	100%	-	31 st December
v) Olyana Holdings LLC (OHL)	U.S.A.	75%	-	31 st December

- (b) During the year the Group has acquired a subsidiary OHL with effect from 24th August 2009 through its another subsidiary BTHL. Further, during the year the Group has also acquired a wholly owned subsidiary RTIL [together with RTIL's wholly owned subsidiary JFUL] through its another subsidiary BTHL with effect from 18th January, 2010. Pursuant to such acquisitions, goodwill on consolidation Rs. 1820.65 lakhs (Schedule 4) has been accounted for in keeping with related accounting policy set out in Note 1.14 above. Such goodwill relating to OHL and RTIL (including JFUL) has been ascertained on the basis of their financial statements as of 31st December 2009.

Notes on Consolidated Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

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

Associate	Country of Incorporation	Proportion of ownership interest	
		As at 31 st March, 2010	As at 31 st March, 2009
D1 Williamson Magor Bio Fuel Limited	India	33.56%	30.81 %
Babcock Borsig Limited	India	@ 48.33%	Not Applicable (NA)

@ has become an Associate with effect from 30th April, 2009

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

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

4. Depreciation

Depreciation and Amortisation in the Consolidated Profit and Loss Account comprises:

	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
Depreciation and Amortisation for the Year (Schedule 4)	3666.98	3719.94
Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets (Schedule 2)	(437.46)	(451.20)
	<u>3229.52</u>	<u>3268.74</u>

5. Employee Benefits :

5.1 Post Employment Defined Contribution Plans:

During the year an amount of Rs 2464.20 lakhs (31st March 2009 - Rs. 2271.35 lakhs) has been recognised as expenditure towards Defined Contribution plans of the Parent Company.



Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

5.2. Post Employment Defined Benefit Plans:

Gratuity (Funded)

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

Superannuation (Funded)

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

Staff Pension – Type A (Funded)

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

Staff Pension – Type B (Unfunded)

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

Expatriate Pension (Unfunded)

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

Medical Insurance Premium Re-imbursement (Unfunded)

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

The following Tables sets forth the particulars in respect of Defined Benefit plans of the Parent Company for the year ended 31st March, 2010 and corresponding figures for the previous year.

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Gratuity Fund	
	Funded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	6903.02	6628.54
Interest Cost	515.55	498.53
Current Service Cost	965.07	421.78
Past Service Cost	417.12	-
Benefits Paid	917.17	793.80
Actuarial loss/(gain) on obligation	624.81	147.97
Present Value of obligation at the end of the year	8508.40	6903.02

Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	4952.18	4540.70
Expected Return on Plan Assets	396.17	363.26
Contributions	2363.03	893.79
Benefits Paid	917.17	793.80
Actuarial gain/(loss) on Plan Asset	306.47	(51.77)
Fair Value of Plan Assets at the end of the year	7100.68	4952.18

Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	8508.40	6903.02
Fair Value of Plan Asset at end of the year	7100.68	4952.18
Net Asset/(Liability) Recognised in Balance Sheet	(1407.72)	(1950.84)

Expense Recognised in Profit and Loss Account		
Current Service Cost	965.07	421.78
Past Service Cost	417.12	-
Interest Cost	515.55	498.53
Expected Return on Plan Assets	396.17	363.26
Actuarial loss/(gain) recognised in the year	318.34	199.75
Expense Recognised in Statement of Profit and Loss Account	@ 1819.91	@756.80

@ included in Contribution to Provident and Other Funds (Schedule 15)

Category of Plan Assets		
Investments in Bonds and Special Deposit	483.68	483.55
Investments with Life Insurance Corporation of India	1566.80	1529.58
Investments with other Insurance Companies	4996.31	2915.46
Others including Bank Balances	53.89	23.59
Total	7100.68	4952.18
Actual Return on Plan Assets	706.21	308.84

Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0
Inflation Rate (%)	5.0	5.0
Return on Asset (%)	8.0	8.0

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Superannuation Fund	
	Funded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	2222.68	2418.93
Interest Cost	164.87	177.94
Current Service Cost	-	-
Benefits Paid	323.69	389.26
Actuarial loss/(gain) on obligation	(45.34)	15.07
Present Value of obligation at the end of the year	2018.52	2222.68

Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	2031.74	2203.06
Expected Return on Plan Assets	162.54	176.25
Contributions	221.77	130.00
Benefits Paid	323.69	389.26
Actuarial gain/(loss) on Plan Asset	141.63	(88.31)
Fair Value of Plan Assets at the end of the year	2233.99	2031.74

Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	2018.52	2222.68
Fair Value of Plan Asset at end of the year	2233.99	2031.74
Net Asset/(Liability) Recognised in Balance Sheet	215.47	(190.94)

Expense Recognised in Profit and Loss Account		
Current Service Cost	-	-
Interest Cost	164.87	177.94
Expected Return on Plan Assets	162.54	176.25
Actuarial loss/(gain) recognised in the year	(186.97)	103.38
Expense Recognised in Statement of Profit and Loss Account	@(184.64)	@105.07

@ Included in contribution to Provident and other Funds (Schedule 15)

Category of Plan Assets		
Investments in Bonds and Special Deposit	215.39	217.16
Investments with Life Insurance Corporation of India	177.76	178.93
Investments with other Insurance Companies	1762.43	1587.79
Others including Bank Balances	78.41	47.86
Total	2233.99	2031.74
Actual Return on Plan Assets	306.68	111.96

Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0
Return on Asset (%)	8.0	8.0

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Staff Pension Fund Type A	
	Funded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	373.73	303.81
Interest Cost	28.90	24.29
Current Service Cost	25.85	17.10
Benefits Paid	24.92	0.40
Actuarial loss/(gain) on obligation	3.89	28.93
Present Value of obligation at the end of the year	407.45	373.73

Changes in the fair value of plan assets during the year ended 31st March		
Fair Value of Plan Assets at the beginning of the year	113.81	160.00
Expected Return on Plan Assets	9.10	12.80
Contributions	0.47	0.40
Benefits Paid	24.92	0.40
Actuarial gain/(loss) on Plan Asset	0.09	(58.99)
Fair Value of Plan Assets at the end of the year	98.55	113.81

Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	407.45	373.73
Fair Value of Plan Asset at end of the year	98.55	113.81
Net Asset/(Liability) Recognised in Balance Sheet	(308.90)	(259.92)

Expense Recognised in Profit and Loss Account		
Current Service Cost	25.85	17.10
Interest Cost	28.90	24.29
Expected Return on Plan Assets	9.10	12.80
Actuarial loss/(gain) recognised in the year	3.80	87.92
Expense Recognised in Statement of Profit and Loss Account	@ 49.45	@116.51

@ Included in contribution to Provident and other Funds (Schedule 15)

Category of Plan Assets		
Investments with Life Insurance Corporation of India	98.55	113.81
Total	98.55	113.81
Actual Return on Plan Assets	9.19	9.65

Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0
Inflation Rate (%)	5.0	5.0
Return on Asset (%)	8.0	8.0

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Staff Pension Fund Type B	
	Unfunded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	2241.47	2299.58
Interest Cost	174.47	179.77
Current Service Cost	136.23	69.50
Benefits Paid	121.16	104.89
Actuarial loss/(gain) on obligation	106.86	(202.49)
Present Value of obligation at the end of the year	2537.87	2241.47
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	2537.87	2241.47
Fair Value of Plan Asset at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(2537.87)	(2241.47)
Expense Recognised in Profit and Loss Account		
Current Service Cost	136.23	69.50
Interest Cost	174.47	179.77
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	106.86	(202.49)
Expense Recognised in Statement of Profit and Loss Account	417.56	45.78
# included in Salaries, Wages, Bonus etc. (Schedule 15)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0
Inflation Rate (%)	5.0	5.0

Description	Medical Benefit Liability	
	Unfunded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	291.04	282.50
Interest Cost	23.28	22.60
Current Service Cost	-	-
Benefits Paid	14.07	13.67
Actuarial loss/(gain) on obligation	(10.37)	(0.39)
Present Value of obligation at the end of the year	289.88	291.04
Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	289.88	291.04
Fair Value of Plan Asset at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(289.88)	(291.04)
Expense Recognised in Profit and Loss Account		
Current Service Cost	-	-
Interest Cost	23.28	22.60
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	(10.37)	(0.39)
Expense Recognised in Statement of Profit and Loss Account	12.91	22.21
* included in Insurance (Schedule 15)		
Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0



Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Description	Rs. Lakhs	
	Expatriate Pension Fund	
	Unfunded	
	2010	2009
Changes in present value of defined benefit obligations during the year ended 31st March		
Present value of obligation at the beginning of the year	85.60	156.19
Interest Cost	4.90	10.21
Current Service Cost	-	-
Benefits Paid	48.63	57.18
Actuarial loss/(gain) on obligation	17.15	(23.62)
Present Value of obligation at the end of the year	59.02	85.60

Amount recognised in Balance Sheet		
Present Value of obligation at end of the year	59.02	85.60
Fair Value of Plan Asset at end of the year	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(59.02)	(85.60)

Expense Recognised in Profit and Loss Account		
Current Service Cost	-	-
Interest Cost	4.90	10.21
Expected Return on Plan Assets	-	-
Actuarial loss/(gain) recognised in the year	17.15	(23.62)
Expense Recognised in Statement of Profit and Loss Account	# 22.05	#(13.41)
* Included in Salaries, Wages, Bonus etc. (Schedule 15)		

Principal Actuarial Assumptions		
Discount Rate (%)	8.0	8.0

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

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

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

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Other Particulars	2010	2009	Rs. Lakhs 2008
Gratuity Fund (Funded)			
Defined Benefit Obligation	8508.40	6903.02	6628.54
Plan Assets	7100.68	4952.18	4540.70
Surplus/(Deficit)	(1407.72)	(1950.84)	(2087.84)
Experience Adjustments on Plan Liabilities	235.67	(1.77)	92.57
Experience Adjustments on Plan Assets	306.47	(51.77)	130.38
Superannuation Fund (Funded)			
Defined Benefit Obligation	2018.52	2222.68	2418.93
Plan Assets	2233.99	2031.74	2203.06
Surplus/(Deficit)	215.47	(190.94)	(215.87)
Experience Adjustments on Plan Liabilities	(8.67)	67.79	26.22
Experience Adjustments on Plan Assets	141.63	(88.31)	24.02
Staff Pension Fund Type A (Funded)			
Defined Benefit Obligation	407.45	373.73	303.81
Plan Assets	98.55	113.81	160.00
Surplus/(Deficit)	(308.90)	(259.92)	(143.81)
Experience Adjustments on Plan Liabilities	1.71	12.58	(8.20)
Experience Adjustments on Plan Assets	0.09	(58.99)	(1.32)
Staff Pension Fund Type B (Unfunded)			
Defined Benefit Obligation	2537.87	2241.47	2299.58
Plan Assets	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA
Experience Adjustments on Plan Liabilities	47.53	(88.07)	(36.52)
Experience Adjustments on Plan Assets	NA	NA	NA
Medical Benefit Liability (Unfunded)			
Defined Benefit Obligation	289.88	291.04	282.50
Plan Assets	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA
Experience Adjustments on Plan Liabilities	(4.51)	(0.17)	(7.45)
Experience Adjustments on Plan Assets	NA	NA	NA
Expatriate Pension (Unfunded)			
Defined Benefit Obligation	59.02	85.60	156.19
Plan Assets	NA	NA	NA
Surplus/(Deficit)	NA	NA	NA
Experience Adjustments on Plan Liabilities	7.52	(10.30)	(32.77)
Experience Adjustments on Plan Assets	NA	NA	NA

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

Provident Fund:

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

The Actuary has expressed his inability to provide an actuarial valuation of the provident fund as at the year end in the absence of a Guidance Note from The Institute of Actuaries of India. Accordingly, complete information required to be considered as per AS 15 in this regard are not available and the same could not be disclosed.

The Parent Company's contribution to the aforesaid provident fund for the year was Rs. 174.44 lakhs (31st March 2009 - Rs. 160.52 lakhs).

Gratuity Plan (Unfunded) in respect of JFUL, a subsidiary company:

JFUL's terms and conditions of employment provide for a gratuity to Ugandan nationals employed by the company. The gratuity is payable after completion of five years' service upon resignation, retirement or termination and on condition that the employee leaves honourably. The gratuity is calculated at twenty working days per year of service for employees with five to ten years service and thirty working days per year of service for those with more than ten years service. The provision takes account of service rendered by employees up to the balance sheet date and is accounted for on the full liability method.

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

6. Pursuant to the Announcement on Accounting for Derivatives issued by ICAI in March, 2008, the Parent Company has accounted for during the year losses amounting to Rs. Nil (31st March 2009 - Rs. 762.75 lakhs) in respect of outstanding derivative contracts. Such derivative loss has been included in Exchange Loss (net) (Schedule 16). Further, loss amounting to Rs. Nil (31st March 2009 - Rs. 178.77 lakhs) on outstanding forward contracts relating to exports has been included in net exchange loss in Schedule 13.
7. There are certain overdue loans and advances, interest accrued on loans and other recoverable items aggregating Rs. 5295.68 lakhs (31st March 2009 - Rs. 5322.05 lakhs). These advances became overdue on account of the sluggish market conditions and the resultant difficulty in liquidating the assets by these parties. The management is actively continuing to pursue options for recovery of these loans and advances. As a measure of prudence, and in the management's best judgement Rs. 5295.68 lakhs (31st March 2009 -Rs. 5322.05 lakhs) are being held in provision for contingency, for overdue, loans and advances etc. at the year end (Refer Schedule 12 to Accounts).

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]**8. Contingent Liabilities****8.1** Claims against the Company not acknowledged as debts : -

	31 st March 2010	31 st March 2009
	Rs. Lakhs	Rs. Lakhs
Sales Tax :	27.53	27.53
Electricity Dues :	29.27	29.27
Assam Pollution Control Board :	9.92	47.00
Provident Fund :	68.43	-
Income Tax :	84.59	124.62
Others :	12.84	1.83

8.2 Guarantees given on behalf of other companies to bank, Financial institutions etc. limit Rs. 1000.00 lakhs (31st March 2009 - Rs. 9450.00 lakhs); Year end utilisation Rs. 112.59 lakhs (31st March 2009 - Rs. 2662.72 lakhs)

8.3 Bank Guarantees Rs. 89.04 lakhs (31st March 2009 - Rs. 127.71 lakhs)

8.4 Bills Discounted - Rs. 6452.41 lakhs (31st March 2009 - Rs. 2460.05 lakhs)

9. TAXATION

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

9.2 Year end Deferred Tax balance comprises the following : -

	31 st March 2010	31 st March 2009
	Rs. Lakhs	Rs. Lakhs
Deferred Tax Liability		
i) Differences between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws	8677.20	7140.72
ii) Fair Value Gain on Derivative Asset	160.80	-
	8838.00	7140.72
Deferred Tax Assets		
i) Unabsorbed tax losses / depreciation *	225.13 *	851.86
ii) Voluntary Retirement Compensation	3.41	14.10
iii) Items allowed for tax purpose on payment	761.53	298.65
iv) Others	687.56	1677.63
	1677.63	723.75
Net Deferred Tax Liability	7160.37 **	5252.36

* Absorption expected based on future taxable income.

** After considering Net Deferred Tax Liability of Rs. 1409.12 lakhs (31st March, 2009 - Rs. Nil) added on consolidation.

Notes on Consolidated Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

10. Estimated capital commitment on account of contracts remaining to be executed and not provided for at the year-end is Rs. 933.36 lakhs (31st March 2009 - Rs. 186.69 lakhs). Such commitment, net of advances is Rs. 313.77 lakhs (31st March 2009 - Rs. 106.43 lakhs).

11. Advances include :-

Loan to directors of the Parent Company Rs. 13.46 lakhs (31st March 2009 - Rs. 16.76 lakhs) [Maximum amount due during the year Rs. 16.76 lakhs (31st March 2009 - Rs. 20.06 lakhs)] being originally initiated as advances to employees in the books of Eveready Industries India Limited, taken over in terms of a Scheme of Arrangement in 2004-05.

12. Segment Information

The Group is primarily engaged in the business of cultivation, manufacture and sale of tea and has a single business segment. However, pursuant to recent acquisitions of tea estates through subsidiaries across various geographical locations with different political and economic environment, risks and returns etc, the Group after review, has revised during the year the system of segment reporting by considering geographical segments as primary reporting format.

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

	31 st March 2010 Rs. Lakhs	31 st March 2009 Rs. Lakhs	@
Segment Revenue			
India	107682.09	82886.62	
Vietnam	2922.36	-	
Uganda	*	*	
	110604.45	82886.62	
Unallocable	15.93	-	
Total	110620.38	82886.62	
Segment Results (Profit before Interest and Tax)			
India	33619.60	18068.54	
Vietnam	350.13	-	
Uganda	*	*	
Total	33969.73	18068.54	
Less :			
Interest (net)	2961.24	7591.16	
Other Unallocated Expenditure - net of Income	499.10	357.72	
Profit before Taxation, share of Earnings from Associates and Minority Interest	30509.39	10119.66	
Less :			
Taxation charge			
Current Tax	6640.38	1038.04	
Deferred Tax	498.89	297.06	
Fringe Benefit Tax	-	220.00	
Profit after Taxation but before share of Earning from Associates and Minority Interest	23370.12	8564.56	

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]

	31 st March 2010 Rs. Lakhs	31 st March 2009 Rs. Lakhs	@
Carrying amount of Segment Assets			
India	142204.58	133220.36	
Vietnam	4309.65	3133.25	
Uganda	14260.77	-	
	160775.00	136353.61	
Unallocable	21.71	1718.90	
	160796.71	138072.51	
Carrying amount of Segment Liabilities			
India	63343.92	73287.21	
Vietnam	3589.02	2410.63	
Uganda	4803.99	-	
	71736.93	75697.84	
Unallocable	8896.36	(45.81)	
	80633.29	75652.03	
Acquisition of Fixed Assets relating to Segments			
India	4320.68	4628.52	
Vietnam	383.35	-	
Uganda	*	*	
	4704.03	4628.52	
Unallocable	159.14	492.56	
	4863.17	5121.08	
Depreciation and Amortisation relating to Segments			
India	2711.72	2604.37	
Vietnam	168.27	-	
Uganda	*	*	
	2879.99	2604.37	
Significant non-cash expenses other than Depreciation and amortisation relating to Segments	-	-	

* Acquired with effect from 18th January, 2010 and included in the consolidation based on its financial statement as of 31st December, 2009 as indicated in Note 2(b) above.

@ Figures pertaining to year ended 31st March, 2009 have been restated in keeping with the revision of segment reporting.

The Group does not have any Secondary Segment

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

(A) List of Related Parties

I. Key Management Personnel (of the Parent Company)

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

Notes on Consolidated Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

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

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

- iii. Others :

- Associates :
 - D1 Williamson Magor Bio Fuel Limited (D1)
 - Babcock Borsig Limited (BBL) (with effect from 30th April, 2009)

(B) Transactions / Balances with Key Management Personnel

	Remuneration		Loan Outstanding at	
	2009-10 Rs. Lakhs	2008-09 Rs. Lakhs	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
AK	178.41	160.68	-	-
RT	84.09	69.42	11.53	13.93
AM	72.51	60.37	1.93	2.83
KKB	83.75	69.43	-	-
Total	418.76	359.90	13.46	16.76

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

	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
Directors' Sitting Fees		
BMK	1.00	0.40
DK	0.10	0.40
Commission		
BMK	1.20	1.20
DK	1.20	1.20
Amount outstanding at year end		
BMK	1.20	1.20
DK	1.20	1.20

Notes on Consolidated Accounts for the year ended 31st March, 2010
Schedule 17 [Contd.]**(D) Transactions / Balances with Associates**

Name of the Associates	Nature of Transactions/Balances	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
(i) D1	Subscription in Share Capital during the year	436.86	1110.40
	Advance given and outstanding at the year end	-	25.74
	Advance repaid	25.74	-
	Expenses incurred on their behalf and reimbursement received	-	44.42
(ii) BBL	Subscription in Share Capital during the year	1037.47	-

14. (a) Fixed Deposits with Scheduled Bank held by the Parent Company (Schedule 8) are under lien and comprise the following:

- Offered as security for a guarantee of USD 3.344 millions (31 st March 2009-USD 5.014 millions) (Rs. 1501.59 lakhs (31 st March 2009-Rs. 2543.25 lakhs)) issued by a bank on behalf of BTHL, a wholly owned subsidiary of the Parent Company in connection with repayment of certain dues by its wholly owned subsidiary, Phu Ben	1770.67	2700.00
- Others	-	110.00
Total	<u>1770.67</u>	<u>2810.00</u>

(b) Fixed Deposit of Rs.1127.44 lakhs (31st March 2009-Nil) with a Non-Schedule Bank held by BTHL is under lien with the bank, for securing working capital facilities given by the bank to JFUL, a wholly owned subsidiary of BTHL.

Notes on Consolidated Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

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

16. Earnings per Share :

	Year ended 31 st March 2009	Year ended 31 st March 2009
a) Numerator used: Profit after Taxation and Minority Interest (Rs. Lakhs)	23092.09	8347.28
b) Denominator used: Weighted Average Number of Equity Shares	10,94,55,735	10,94,55,735
c) Face Value of Equity Shares - Rs.	5	5
d) Dilutive Potential Equity Shares	-	-
e) Earnings per Share (Basic and Diluted) - Rs.	21.10	7.63

17. Revenue Expenditure on Research and Development Rs. 84.84 lakhs (31st March 2009 - Rs. 82.85 lakhs) represent subscription to Tea Research Association.

18. Dividend for the year 2008-09 amounting to Rs. 541.35 lakhs (2008-09 - Rs. 270.67 lakhs) paid during the year by the Parent Company on its Equity Shares held by its Subsidiary has been adjusted against the opening balance of the Profit and Loss Account.

19. Lease Commitments:

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

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

	Year ended 31 st March 2010 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs
Lease Rent	6.67	7.50
The future minimum lease commitment of the Group is as under :		
Up to one year	2.04	7.01

Notes on Consolidated Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

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

	Year ended 31 st March 2010	Rs. Lakhs Year ended 31 st March 2009
Income and Expenditure		
Depreciation / Amortisation	168.28	N.A.
Assets and Liabilities	As at 31st March 2010	As at 31st March 2009
Estate and Development	6002.01	N.A.
Inventories	1769.43	N.A.
Foreign Exchange Derivative Asset	535.76	N.A.
Accumulated Depreciation	7827.53	1732.34
Provision for Employee Benefit	353.44	N.A.

21. D1 and BBL, Associates apply accounting policies relating to the following items which are different from those followed by the Parent Company :

- (a) Depreciation is provided by D1 and BBL on written down value method as against straight line method; and
(b) Inventory is valued by D1 on FIFO method as against weighted average method.

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

22. OHL, a subsidiary company, pursuant to an agreement dated 24th September, 2009 with the Government of Rwanda (RWANDA) for acquisition of 60% stake in Gisovu Tea Company from RWANDA and remitted full consideration of US Dollars 2,400,000 (equivalent to Rs. 1080.32 lakhs at the year end) [Schedule 10] to RWANDA as advance. Subsequently, RWANDA terminated the said agreement on the grounds of alleged issues relating to OHL's ownership structure. Being aggrieved, OHL submitted the matter to a mediator who concluded that the termination of agreement was not justified. Subsequently, after RWANDA failed to follow the mediator's findings, OHL requested arbitration of its claim for wrongful breach of contract before the International Centre for Dispute Resolution (ICSID) which has been registered by ICSID in April 2010 and the matter is pending. In view of the foregoing, the closure of the purchase transaction is pending. OHL believes that it has not violated the terms of the agreement. However, according to the management the full amount of the purchase consideration will be refunded if the purchase transaction does not close. Accordingly, the advance given for proposed acquisition as aforesaid is considered good and recoverable at this stage by the management.

Notes on Consolidated Accounts for the year ended 31st March, 2010

Schedule 17 [Contd.]

23. Items of Expenditure in the Consolidated Profit and Loss Account include reimbursements to and by the Parent Company.
24. Figures for the previous year have been rearranged / regrouped wherever necessary. However, in view of acquisition of Subsidiaries referred to in Note 2 above, current year's figures are not comparable with the previous year.

Signatures to Schedules 1 to 17.

For PRICE WATERHOUSE
Firm Registration Number: 301112E
Chartered Accountants

P. Law
Partner
Membership Number 51790

Kolkata, 30th May, 2010

On behalf of the Board of Directors

A. Khaitan Managing Director

K. K. Baheti Wholetime Director

A. Guha Sarkar Company Secretary



McLEOD RUSSEL INDIA LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation, Share of Earnings from Associates and Minority Interest		30509.39		10119.66
Adjustments for :				
Provision for diminution in carrying amount of Investments		-		138.09
Provision for Doubtful Debts and Advances		219.07		124.00
Provision for diminution in carrying amount of Investments no longer required written back		(376.55)		-
Liabilities no longer required written back		(14.45)		(626.42)
Provision For Contingency/Doubtful Debts/Advances written back		(54.78)		-
Refund of Dividend Tax		-		(157.39)
Dividend on Long Term Trade Investments		(56.88)		(32.36)
Depreciation and Amortisation		3229.52		3268.74
Adjustment for machinery spares included in fixed assets		61.86		-
(Profit) / Loss on Sale of Trade Investments (Net)		33.93		(5.80)
Interest and Foreign Exchange fluctuation (Net)		2975.37		7783.25
(Profit) / Loss on disposal of Fixed Assets (Net)		96.20		100.41
Exchange difference on translation of foreign currency		467.28		(0.47)
Operating Profit before Working Capital changes		37089.96		20711.71
Adjustments for :				
Trade and Other Receivables	(3157.16)		897.85	
Inventories	551.37		(1989.75)	
Trade Payables	(241.12)	(2846.91)	2110.67	818.77
Cash Generated from operations		34243.05		21530.48
Payment of Direct Taxes(Including Fringe Benefit Tax)		(5269.34)		(1179.48)
Net Cash from Operating Activities		28973.71		20351.00
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(5453.10)			(4183.26)
Disposal of Current Assets Investments	990.14			-
Purchase of Current Assets Investments	(2184.16)			-
Purchase of Investments	(13035.89)			(1110.40)
Advance paid in connection with proposed acquisition of a company	(1206.68)			-
Loan to Subsidiary	(1939.33)			-
Loans to related party outside group	(512.46)			-
Purchase of Investments in a subsidiary [Note 2 (b) on Schedule 17]	-			(1200.57)
Disposal of Fixed Assets	50.99			57.16
Capital Subsidy Received	213.56			231.29
Loans Recovered / (given)	(1675.00)			(808.00)
Sale of Long Term Trade Investments	1.41			2.69
Interest received	495.17			360.23
Dividend received	56.88			32.36
Net cash used for Investing Activities		(24198.27)		(6618.50)

**McLEOD RUSSEL INDIA LIMITED**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-2010		2008-2009	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long-term borrowings		16228.16		9820.57
Proceeds from Short-term borrowings (Net)		4,115.63		-
Repayment of Short Term Borrowings (Net)		(7162.95)		(11,369.22)
Repayment of Long-term borrowings		(10790.00)		(4109.93)
Interest paid (Net of Subsidy)		(4206.22)		(5430.25)
Refund of Dividend Tax		-		157.39
Dividend paid / Transferred to Investor Education and Protection Fund		(1623.67)		(817.99)
Dividend Tax paid		(148.62)		(69.05)
Net cash used for Financing Activities		<u>(3586.07)</u>		<u>(11838.48)</u>
D. EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON				
Cash and Cash Equivalents		<u>(301.87)</u>		<u>(61.12)</u>
Net increase in Cash and Cash Equivalents (A+B+C+D)		<u>885.50</u>		<u>1812.90</u>
Cash and Cash Equivalents on Opening date (Schedule 8)		3879.73		1973.28
Add : Cash and Cash Equivalents acquired pursuant to :				
- Consolidation (Note 2 (b) on Schedule 17)		497.78		93.55
Cash and Cash Equivalents on Closing date(Schedule 8)		<u>5263.01</u>		<u>3879.73</u>
Changes in Cash and Cash Equivalents - Increase/ (Decrease)		<u>885.50</u>		<u>1812.90</u>

Notes:

- The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statements prescribed under the Companies Act, 1956 of India
- Also refer Notes 14 and 24 on Schedule 17.
- Schedules referred to above form an integral part of the Consolidated Cash Flow Statement.

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

For and on behalf of the Board of Directors

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

A. Khaitan - Managing Director
K. K. Baheti - Wholesale Director

P.Law
Partner
Membership No. 51790

A.Guha Sarkar - Company Secretary

Kolkata, 30th May, 2010

Statement containing brief financial details of Subsidiaries

The Company has obtained exemption from the Ministry of Corporate Affairs, Government of India pursuant to Section 212(8) of the Companies Act, 1956 from attaching the Balance Sheets, Profit & Loss Accounts and the Reports of the Directors and Auditors of its five Subsidiaries namely, Borelli Tea Holdings Limited, U.K., Phu Ben Tea Company Limited, Vietnam, Olyana Holdings LLC., USA., Rwenzori Tea Investments Limited, Uganda and James Finlay (Uganda) Limited with the Annual Report and Accounts of the Company in respect of the financial year ended 31st March 2010. In terms of the letter of exemption dated 21st June 2010 issued by the Ministry of Corporate Affairs, a Statement containing brief financial details of the Subsidiaries is given hereunder.

Names of the Subsidiary Companies	Borelli Tea Holdings Ltd.	Phu Ben Tea Company Limited	Rwenzori Tea Investments Ltd.	James Finlay (Uganda) Limited	Olyana Holdings LLC
Reporting Currency	GBP	DONG (VND)	Uganda Shillings (Ushs)	Uganda Shillings (Ushs)	USD
Financial Year ends on	31st March	31st December	31st December	31st December	31st December
Exchange Rate as on 31.03.2010	67.990	0.002	0.021	0.021	43.306
	Rs. In Lakhs*	Rs. In Lakhs*	Rs. In Lakhs*	Rs. In Lakhs*	Rs. In Lakhs*
* Capital	246.12	2,002.69	7,260.63	8,824.04	1,208.27
* Reserves and Surplus	7,620.15	(1,258.17)	1,273.57	423.11	(200.09)
* Total Assets (net of current liabilities)	17,364.91	2,923.94	8,534.21	12,644.10	1,008.18
* Total Liabilities	17,364.91	2,923.94	8,534.21	12,644.10	1,008.18
* Investments :					
In Subsidiaries	13,379.62	N.A.	8,534.21	N.A.	N.A.
Others	854.22	-	-	-	-
* Turnover	451.20	2,617.10	-	12,852.15	-
* Profit before Taxation	(260.57)	233.16	5,886.14	6,027.29	(200.09)
* Provision for Taxation	71.08	-	-	1,502.17	-
* Profit after Taxation	(331.65)	233.16	5,886.14	4,525.12	(200.09)
* Dividend (Interim/Proposed)	-	-	5,886.14	5,886.14	-
Country	United Kingdom	Vietnam	Uganda	Uganda	U.S.A

Note : The figures of the overseas Subsidiaries have been converted in accordance with Indian Accounting Standard.

The Annual Accounts of the Subsidiaries and the related detailed information will be made available to any Member of the Company/its Subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its Subsidiaries at the Registered/Head Office of the Company and would be posted on the website of the Company. The Annual Accounts of the said Subsidiaries will also be available for inspection as above, at the Registered/Head Office of the respective Subsidiary Company. Hard copies of the details of Accounts of the subsidiaries shall be provided to any shareholders of the Company on demand.

McLEOD RUSSEL INDIA LIMITED
Particulars of Tea Estates
2009-10

<u>Locations</u>	<u>Estates</u>	<u>Area Under Tea (Hect.)</u>	<u>Saleable Production for 2009-10 (Kgs.)</u>
Bishnauth	Dekorai	849.13	2251103
	Mijcajan	947.09	1982983
	Monabari	1145.97	3001614
	Pertabghur	812.56	1606457
Dhunseri	Behora	695.49	1387460
	Bukhial	570.65	1162801
Doom Dooma	Baghjan	601.83	1552681
	Bordubi	888.25	1827247
	Koomsong	675.52	1468217
	Phillobari	397.30	1487094
	Beesakopie/Diamukhia	1235.94	1903299
	Samdang/Messaijan/Panikhowa	886.98	1335281
	Raidang/Hansara	940.07	1941460
East Boro	Bargang	1018.79	2291570
	Behali	561.17	1919149
	Boroi	397.71	993486
	Dufflaghur	699.51	1691953
	Halem	570.66	1815111
	Nya Gogra	635.72	1520476
Jorhat	Hunwal	893.55	1798088
Mangaldai	Attareekhat	513.13	1995611
	Bhooteachang	610.32	1222833
	Borengajuli	630.84	1820419
	Corramore	476.50	1395595
	Dimakusi	439.35	1414814
	Paneery	415.52	1043514
Margherita	Bogapani	845.28	2516077
	Dehing	481.82	1343376
	Dirok	802.77	1853785
	Margherita	602.80	1511058
	Namdang	743.29	1728018
Moran	Attabarrie	397.70	939872
	Dirai	689.71	1708851
	Lepetkatta	440.72	913631
	Moran	621.95	1281107
	Rajmai	475.74	1337825
	Sepon	599.24	1699338

Thakurbari	Addabarie	677.21	1055226
	Harchurah/Nilpur	444.26	1050786
	Phulbari	811.71	1608074
	Rupajuli	360.65	656269
	Tarajuli	477.80	751720
	Tezpur & Gogra	517.08	1004826
Tingri	Dirial	583.86	1718429
	Itakhooli	389.02	757357
	Keyhung	581.28	1509944
	Mahakali	582.99	980209
Dooars	Bhatpara	594.07	933966
	Central Dooars	755.65	1109696
	Chuapara	649.81	1236387
	Jainti/Chuniajhora	632.62	1054303
	Mathura	652.38	1089450
	Jaybirpara	208.71	-
		<u>34,129.67</u>	<u>77179896</u>

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