



**McLEOD RUSSEL**  
*Believe in tea*

## **McLEOD RUSSEL INDIA LIMITED**

Registered Office: Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata-700 001

CIN: L51109WB1998PLCo87076

Email: administrator@mcleodrussel.com, Web: www.mcleodrussel.com

Telephone: 033-2210-1221, 2248-9434/35

### **NOTICE**

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of the Company will be held on Wednesday, 23rd July 2014 at 11.00 a.m. at Kalamandir, 48, Shakespeare Sarani, Kolkata-700 017 to transact the following business :-

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Financial Statements of the Company for the financial year ended 31st March 2014 together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare a dividend for the financial year ended 31st March 2014.
3. To appoint a Director in place of Mr. Deepak Khaitan (holding DIN 00023780), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Azam Monem (holding DIN 00023799), who retires by rotation and, being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
“**RESOLVED THAT** in accordance with applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof), Messrs. Price Waterhouse, Chartered Accountants (ICAI Registration No. FRN 301112E), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on the remuneration to be fixed by the Board of Directors.”

#### **SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Utsav Parekh (holding DIN 00027642), a non-executive Director of the Company who retires by rotation at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of five consecutive years or the date of the 21st Annual General Meeting, whichever is earlier.”
7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mrs. Ramni Nirula (holding DIN 00015330), a non-executive Director, who retires by rotation at this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of five consecutive years or the date of the 21st Annual General Meeting, whichever is earlier.”
8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any

other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Dr. Raghavachari Srinivasan (holding DIN 00003968), a non-executive Director, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of five consecutive years or the date of the 21st Annual General Meeting, whichever is earlier.”

9. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Bharat Bajoria (holding DIN 00109241), a non-executive Director, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of five consecutive years or the date of the 21st Annual General Meeting, whichever is earlier.”

10. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Ranabir Sen (holding DIN 00068697), a non-executive Director, be and is hereby appointed as an Independent Director of the Company to hold office from the date of this Annual General Meeting upto the expiry of five consecutive years or the date of the 21st Annual General Meeting, whichever is earlier.”

11. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of the Sections 196 and 197 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Aditya Khaitan (holding DIN 00023788) as the Managing Director of the Company for a period of three years effective from 1st April, 2014, on the terms and conditions of re-appointment and remuneration as contained in the Letter of Re-appointment, a copy whereof initialled by the Chairman for the purpose of identification is placed before the Meeting.”

12. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of the Sections 196 and 197 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the approval of the Company be and is hereby accorded to the re-appointment of Mr. Rajeev Takru (holding DIN 00023796) as a Wholtime Director of the Company for a period of three years effective from 1st April, 2014, on the terms and conditions of re-appointment and remuneration as contained in the Letter of Re-appointment, a copy whereof initialled by the Chairman for the purpose of identification is placed before the Meeting.”

13. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of the Sections 196 and 197 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 the approval of the Company be and is hereby accorded to the re-appointment of Mr. Azam Monem (holding DIN 00023799) as a Wholtime Director of the Company for a period of three years effective from 1st April, 2014, on the terms and conditions of re-appointment and remuneration as contained in the Letter of Re-appointment, a copy whereof initialled by the Chairman for the purpose of identification is placed before the Meeting.”

14. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of the Sections 196 and 197 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 the approval of the Company be and is hereby accorded to the re-appointment of Mr. Kamal Kishore Baheti (holding DIN00027568) as a Wholetime Director of the Company for a period of three years effective from 1st April, 2014, on the terms and conditions of re-appointment and remuneration as contained in the Letter of Re-appointment, a copy whereof initialled by the Chairman for the purpose of identification is placed before the Meeting.”

15. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** in supersession of the Resolution previously passed by the Shareholders in this regard and pursuant to the provisions of Sections 197, 198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the non-executive Directors of the Company (i.e. Directors other than the Managing Director and / or the Whole-time Directors) be paid remuneration, in addition to the sitting fee for attending the meetings of the Board of Directors or Committees thereof, as the Board of Directors may from time to time determine, not exceeding in the aggregate one percent of the net profits of the Company for each financial year, as computed in the manner laid down in Section 198 of the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

16. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:

**“RESOLVED THAT** in supersession of the Resolution passed under Section 293(1)(a) of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”) pursuant to Section 180(1)(a) of the Companies Act, 2013 (‘the Act’) to the creation by the Board of mortgages and charges in addition to the existing mortgages and charges created by the Company as the Board may decide on such of the assets of the Company, both present and future, in such manner as the Board may direct, to or in favour of any one or more of the financial institutions/banks/any other investing agencies/trustees for the holders of debentures/bonds/other instruments which may be issued to and subscribed by any one or more of the financial institutions/banks/any other investing agencies or any other person(s)/bodies corporate by private placement or otherwise, to secure rupee/foreign currency loans, debentures, bonds or other instruments of an aggregate value not exceeding the borrowing limit available to the Board in terms of Section 180(1)(c) of the Act, together with interest thereon at the respective agreed rates, compound interest, additional interest, liquated damages, commitment charges, premia on pre-payment, or on redemption, costs, charges, expenses and all other monies payable by the Company to the aforesaid parties or any of them under the Agreement/Arrangements entered into/to be entered into by the Company in respect of the said loans/debentures/bonds or other instruments.”

17. To consider and if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** in terms of Section 148 of the Companies Act, 2013, the remuneration payable to the Cost Auditors namely, Messrs. Mani & Co, Messrs. SPK Associates., Messrs. Kumar & Associates and Messrs. DGM & Associates for conducting Audit of Cost Accounting records maintained by the Company as applicable, for the year ending 31st March, 2015 as approved by the Board of Directors based on the recommendations of the Audit Committee, the details of which are given in the Explanatory Statement in respect of this item of business be and is hereby ratified.”

By Order of the Board

**McLEOD RUSSEL INDIA LIMITED**

**A. GUHA SARKAR**

*Vice President & Company Secretary*

Kolkata, 23rd May 2014

## NOTES

- a) **A Member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote thereat instead of himself. A Proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office situated at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata-700001 not less than forty-eight hours before the Meeting.**

**In terms of Rule 19 of the Companies (Management and Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

- b) The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the Items of Special Business is annexed hereto.
- c) The information as required to be provided in terms of the Listing Agreement with the Stock Exchanges regarding the Directors who are proposed to be appointed/re-appointed is annexed.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from 16th July, 2014 to 23rd July, 2014 (both days inclusive).
- e) The dividend that may be declared by the Company at the Sixteenth Annual General Meeting will be paid on or after 28th July, 2014 (i) to those Members holding shares in physical mode whose names appear on the Register of members of the Company after giving effect to all valid share transfers in physical form lodged with the Company and its Registrars on or before 15th July, 2014. (ii) In respect of the shares held in electronic form the dividend will be paid to the 'beneficial owners' of the shares as at the end of business hours on 15th July, 2014 as per details provided by the Depositories for this purpose.
- f) Dividend in respect of shares held in dematerialized form shall be credited to the beneficial owner's bank account directly through National Electronic Clearing Services (NECS), wherever NECS facility is available subject to availability of bank account details with 9 digit MICR and 11 digit IFS Code. In case the said details have not been provided to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.

Securities and Exchange Board of India (SEBI) vide its Circular No. CIR/MRD/DP/10/2013 dated 21st March 2013, has mandated usage of electronic mode for making cash payments such as dividend etc. to the investors of Companies whose securities are listed on the Stock Exchanges.

- g) Shareholders holding shares in physical form and desirous of having NECS facility, should provide their bank details and 9 digit MICR and 11 digit IFS Code number to the Registrar and Share Transfer Agent of the Company immediately. The shareholders who have already given their bank details should furnish the same only if there is any change.

Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share transfer Agent quoting their Folio Number. Shareholders holding shares in dematerialised form, should intimate change of their address, if any, to their Depository Participant.

- h) In accordance with the provisions of Section 205C of the Companies Act, 1956 any amount of dividend which remained unpaid or unclaimed for a period of seven years from the date such dividend became due for payment have been transferred to the investor Education and Protection Fund set up by the Government of India.

Members of the Company and the persons who were the Members of the erstwhile The Moran Tea Company (India) Limited (since merged with the Company) who have not yet encashed their dividend warrant(s) for the financial year ended 31.03.2007 and onwards as applicable, are requested to contact the Company forthwith.

The Company has uploaded the details of unpaid or unclaimed amounts lying with the Company as on the date of the last AGM (26th July, 2013) on its website [www.mcleodrussel.com](http://www.mcleodrussel.com).

- i) The Securities and Exchange Board of India (SEBI) vide Circular Ref.No. MRD/DoP/Cir-05/2007 dated April 27, 2007 made PAN mandatory for all securities market transaction. Thereafter, vide Circular No. MRD/DoP/Cir-05/2009 dated May 20, 2009 it was clarified that for securities market transactions and off market/private transaction involving transfer of shares in physical form of listed Companies, it shall be mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTAs for registration of such transfer of shares.

SEBI further clarified that it shall be mandatory to furnish a copy of PAN in the following cases.

- i) Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholder(s).
  - ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder of shares.
  - iii) Transposition of shares – when there is a change in the order of names in which physical shares are held jointly in the names of two or more shareholders.
- j) A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his queries to the Company at least seven days prior to the Meeting so that the required information can be made available at the Meeting.
  - k) Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

**l) Instructions for e-voting :**

The business of this Meeting may be transacted through electronic system and the Company is providing facility for voting by electronic means.

The process and manner of voting by electronic means, the time schedule including the time period during which the votes may be cast and all other necessary instructions and information in this respect have been given in a separate sheet attached hereto forming part of the notice.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### ITEM NOS. 6 TO 10

The Company appointed Dr. Raghavachari Srinivasan, Mr. Ranabir Sen, Mr. Bharat Bajoria, Mr. Utsav Parekh, and Mrs. Ramni Nirula who, besides Mr. Srikandath Narayan Menon, have been discharging the role and functions of Independent Directors in terms of Clause 49 of the Listing Agreement with the Stock Exchanges. The term of office of the aforesaid Directors was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 of the Companies Act, 2013 ('the Act'), the Company is required to appoint at least one-third of its total number of Directors as Independent Directors for a fixed term and their office shall not be liable to determination by retirement of Directors by rotation. Accordingly, in compliance of Sections 149, 150 and 152 read with Schedule IV and any other applicable provisions of the Act each of Mr. Utsav Parekh, Mrs. Ramni Nirula, Dr. Raghavachari Srinivasan, Mr. Bharat Bajoria and Mr. Ranabir Sen, is proposed to be appointed as an Independent Director who shall hold office from the date of this Annual General Meeting upto the expiry of five

consecutive years or the date of the 21st Annual General Meeting, whichever is earlier. Separate notices have been received from a few Members referring to Section 160 of the Act proposing each of them respectively for appointment as an Independent Director at the forthcoming annual General Meeting of the Company.

The aforesaid persons have the desired qualifications and in depth experience in their respective field and have held very high positions in different renowned organizations. The particulars of the aforesaid Directors namely, age, qualification, past experience and other details are given separately in this Notice.

In the opinion of the Board, each of Mr. Utsav Parekh, Mrs. Ramni Nirula, Dr. Raghavachari Srinivasan, Mr. Bharat Bajoria and Mr. Ranabir Sen fulfills the conditions specified in the Act and meets the criteria of independence specified in Section 149(6) of the Act and Rules made thereunder for appointment as an Independent Director. The Board considers that the continued association of the aforesaid persons would be of immense benefit to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, the Board recommends the resolutions set out at Item Nos. 6 to 10 of the convening Notice for approval by the Shareholders of the Company.

Mr. Utsav Parekh, Mrs. Ramni Nirula, Dr. Raghavachari Srinivasan, Mr. Bharat Bajoria and Mr. Ranabir Sen and their relatives may be considered to be interested in the respective Resolution in so far as they relate to them individually. No other Director or the Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in respect of the said resolutions.

#### ITEM NO. 11

The term of appointment of Mr. Aditya Khaitan as the Managing Director of the Company expired on 31st March, 2014. The Board of Directors ('the Board') of your Company by its resolution passed on 28th March, 2014 re-appointed Mr. A. Khaitan as the Managing Director of the Company subject to the approval of the members at a general meeting for a period of 3 years with effect from 1st April, 2014 on the following principal terms and conditions:

Period:	Three years with effect from 1st April 2014
Remuneration:	Salary: Rs.15,00,000 per month with such revision as the Board may approve from time to time in the salary grade of Rs.12,50,000 to Rs.20,00,000.
	Bonus: Equivalent to six months' salary in a year.
Allowances:	A special allowance of Rs.1,00,000 per month with such revision as the Board may approve from time to time in the scale of Rs. 1,00,000 – Rs. 2,00,000/- per month. In addition, he will be paid other allowance of Rs. 4,00,000/- per month with such revision as may be approved by the Board from time to time.
	Perquisites:
	Housing: Free furnished accommodation will be provided by the Company. In case no accommodation is provided, he will be paid House Rent Allowance at the rate of 60% of his salary. Gas, electricity, water etc. and telephone at residence will be borne by the Company in accordance with the Rules of the Company. Cost of personal long distance calls, however, will be borne by him.
	Car: Company car with driver under the Company's Scheme applicable for senior executive staff of the Company.
Medical:	Reimbursement for self and family at actuals, including cost of medical insurance.
Leave Travel Concession:	For self and family as per applicable Rules of the Company.
Leave Encashment:	As per applicable Rules of the Company.
Club Fees:	Reimbursement of Club Subscription/Fees as per applicable Rules of the Company.
Others:	Personal Accident Insurance and other perquisites, which are applicable to senior executive staff of the Company, shall also apply to him.
Retiral Benefits :	Contributions to the Provident Fund, Superannuation/Pension Fund and/or Annuity Fund in accordance with the Rules and Regulations governing the said funds. Gratuity will be payable in accordance with the Rules of the Company and such Gratuity shall not exceed half a month's salary for each completed year of service.



Minimum Remuneration:	In the event of loss or inadequacy of profits in any year during the tenure of his office, he shall be paid the remuneration as above as minimum remuneration subject to compliance with the legal provisions as may be applicable.
Leave:	He will be entitled to leave on full pay, perquisites and allowances as per applicable Rules of the Company.
Nature of Duties:	He shall have substantial power of management subject to the superintendence, control and direction of the Board.
Other Conditions:	1. He shall not be entitled to any sitting fees for attending meetings of the Board or Committees thereof. 2. Each party has the right of terminating the re-appointment by giving three months' notice on either side.

The aforesaid terms and conditions have been set out in the Company's letter dated 31st March, 2014, addressed to Mr. A. Khaitan.

Pursuant to the provisions of Sections 196 and 197 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013, the re-appointment of Mr. A. Khaitan as the Managing Director and the terms as to remuneration require the approval of the Members in General Meeting. The above terms as to remuneration have been approved by the Remuneration Committee of the Board at its Meeting held on 28th March, 2014.

Mr. A. Khaitan had taken charge as the Managing Director of the Company in 2005 and since then under his leadership and guidance the Company has achieved considerable growth, both in terms of volume of business as well as profitability. The particulars of Mr. A. Khaitan namely, age, qualification, past experience and other details are given separately in this Notice.

Keeping in view his vast experience in the tea industry and his high level of performance during his earlier term of appointment, the Board is of the opinion that the re-appointment of Mr. A. Khaitan as the Managing Director will be very beneficial to the Company. The resolution set out in Item No. 11 of the convening Notice is to be considered accordingly and the Board recommends the same.

A copy of the Company's letter dated 31st March, 2014 to Mr. A. Khaitan, re-appointing him as the Managing Director is available for inspection by the Members at the Registered Office of the Company on any working day prior to the date of the Meeting between 3.00 p.m and 5.00 p.m and also will be available at the Meeting.

Mr. A. Khaitan, himself, and his relatives including Mr. B. M. Khaitan and Mr. D. Khaitan are interested in the resolution under Item No. 11 of the convening Notice. No other Director, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in respect of the said resolution.

#### **ITEM NOS. 12 TO 14**

In view of expiry of the term of appointment of each of Mr. Rajeev Takru, Mr. Azam Monem and Mr. Kamal Kishore Baheti, as Wholtime Directors of the Company, on 31st March, 2014, the Board of Directors of the Company, by its resolution passed on 28th March, 2014 resolved to re-appoint Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti as Wholtime Directors of the Company subject to the approval of the members at a general meeting for a period of 3 years with effect from 1st April, 2014, in each case on the following principal terms and conditions:

Period:	Three years with effect from 1st April 2014
Remuneration:	Salary : Rs.6,00,000 per month with such revision as the Board may approve from time to time in the salary grade of Rs.5,25,000 to Rs.10,00,000.
	Bonus: Equivalent to six months' salary in a year.
Allowances:	A special allowance of Rs.1,00,000 per month with such revision as the Board may approve from time to time in the scale of Rs. 1,00,000 – Rs. 2,00,000/- per month. In addition, he will be paid other allowance of Rs. 75,000/- per month with such revision as may be approved by the Board from time to time.

	Perquisites:
	Housing: Free furnished accommodation will be provided by the Company. In case no accommodation is provided, he will be paid House Rent Allowance at the rate of 60% of his salary. Gas, electricity, water etc. and telephone at residence will be borne by the Company in accordance with the Rules of the Company. Cost of personal long distance calls, however, will be borne by him.
	Car: Company car with driver under the Company's Scheme applicable for senior executive staff of the Company.
Medical:	Reimbursement for self and family at actuals, including cost of medical insurance.
Leave Travel Concession:	For self and family as per applicable Rules of the Company.
Leave Encashment:	As per applicable Rules of the Company.
	Club Fees: Reimbursement of Club Subscription/Fees as per applicable Rules of the Company.
	Others: Personal Accident Insurance and other perquisites, which are applicable to senior executive staff of the Company, shall also apply to him.
Retiral Benefits :	Contributions to the Provident Fund, Superannuation/Pension Fund and/or Annuity Fund in accordance with the Rules and Regulations governing the said funds. Gratuity will be payable in accordance with the Rules of the Company and such Gratuity shall not exceed half a month's salary for each completed year of service.
Minimum Remuneration:	In the event of loss or inadequacy of profits in any year during the tenure of his office, he shall be paid the remuneration as above as minimum remuneration subject to compliance with the legal provisions as may be applicable.
Leave:	He will be entitled to leave on full pay, perquisites and allowances as per applicable Rules of the Company.
Nature of Duties:	He will perform such duties and exercise such powers which may from time to time be entrusted to or vested in him by the Board and/or the Managing Director.
Other Conditions:	1. He shall not be entitled to any sitting fees for attending meetings of the Board or Committees thereof.
	2. Each party has the right of terminating the re-appointment by giving three months' notice on either side.

The aforesaid terms and conditions have been set out in the Company's letters dated 31st March, 2014, addressed to Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti respectively.

Pursuant to the provisions of Sections 196 and 197 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013, the aforementioned re-appointments of Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti and the terms as to remuneration require the approval of the members in General Meeting. The above terms as to remuneration have been approved by the Remuneration Committee of the Board at its Meeting held on 28th March, 2014.

The Board is of the opinion that Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti very efficiently and successfully managed their respective fields of operations, namely, production, marketing and finance and helped the Company in achieving substantial growth in terms of production and profitability. The particulars of the aforesaid Directors namely, age, qualification, past experience and other details are given separately in this Notice.

The Board is of the view that the re-appointment of Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti will prove beneficial to the Company. The resolution set out in Item Nos. 12, 13 and 14 of the convening Notice are to be considered accordingly and the Board recommends the same for acceptance. Copies of the letters dated 31st March, 2014 re-



appointing Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti as Wholetime Directors are available for inspection by the Members at the Registered Office of the Company on any working day prior to the date of the Meeting between 3.00 p.m and 5.00 p.m and also will be available at the Meeting.

Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti and their relatives are interested in the respective resolution in so far as they relate to them individually. No other Director and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolutions set out at Items Nos. 12, 13 and 14.

#### **ITEM NO. 15**

The Shareholders of the Company by a special resolution passed under the Companies Act, 1956 had approved payment of commission to the Non-Executive Directors (Directors other than the Managing and/or Wholetime Directors). In view of the important role played by the Non- Executive Directors who have been entrusted with new responsibilities to make their role more objective and purposeful and keeping in view the enhanced role, responsibilities and duties of the Non- Executive Directors, it is considered appropriate that the Company continues to pay commission to the Non-Executive Directors and pass a suitable resolution in terms of Section 197 and 198 and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and remuneration of Managerial personnel) Rules, 2014 as set out at Item No. 15 of the convening Notice. The said remuneration to the Non-Executive Directors shall be in addition to the sitting fee payable to them for attending meetings of the Board and Committees thereof.

Save and except all the Non-Executive Directors of the Company and their relatives, none of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 15 of the Notice. The Board recommends the resolution for approval by the Shareholders.

#### **ITEM NO. 16**

In the normal course of business, the Company is required, from time to time, to borrow funds by way of rupee/foreign currency loans, issue of debentures, bonds or other instruments from Banks, Financial Institutions and/or other persons/bodies corporate etc. To secure such lendings the lenders usually call for adequate securities which is normally provided in the form of mortgage and charge on certain properties of the Company. In terms of Section 180(1) (a) of the Companies Act, 2013 ('the Act') besides sale, to lease or otherwise disposal of any 'undertaking' or 'substantially the whole of any undertaking' of a company, a consent of its Members by way of a Special Resolution is necessary.

The assets on which the security may be required to be created may come under the ambit of the definition of 'undertaking' or 'substantially the whole of any undertaking' as explained under Section 180(1)(a) of the Act, necessitating the Members' Consent by way of passing a Special Resolution. The Resolution set out in Item No. 16 of the convening Notice is to be considered accordingly and the Board recommends the same.

No Director or Key Managerial Personnel of the Company or any of their relatives is concerned or interested, financially or otherwise, in respect of the said Resolution.

#### **ITEM NO. 17**

The Company being engaged in tea plantation and manufacturing activities, was required to appoint Cost Auditor/s to audit its cost accounting records in respect of plantation products in terms of Section 233B of the Companies Act, 1956 and the Order issued thereunder.

In terms of Section 148 of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 ('the Rule'), the Board of Directors of the Company at its Meeting held on 23rd May, 2013 appointed Messrs Mani & Company, Messrs. SPK Associates, Messrs Kumar & Associates and Messrs DGM Associates, Cost Accountants, as the Cost Auditors of the Company for the Financial Year ending on 31st March, 2015 on the recommendation of the Audit Committee of the Company ('the Audit Committee'). Messrs. Mani & Company has been nominated as the Lead Cost Auditor.

The Board, in terms of the Rule, approved the remuneration of the Cost Auditors as recommended by the Audit

Committee, which is subject to ratification by the Shareholders of the Company.

The remuneration fixed by the Board is as under:

Cost Auditors	Remuneration
Messrs Mani & Company	Rs. 96,000/- for auditing the records of 12 Tea Estates Rs. 35,000/ being the lead audit fee.
Messrs. SPK Associates	Rs. 1,04,000/- for auditing the records of 13 Tea Estates
Messrs Kumar & Associates	Rs. 1,12,000/- for auditing the records of 14 Tea Estates
Messrs DGM Associates	Rs. 1,12,000/- for auditing the records of 14 Tea Estates

In addition to above, the Cost Auditors will be reimbursed out of pocket expenses as may be incurred by them on actual basis.

The Resolution set out in Item No. 17 of the convening Notice is to be considered accordingly and the Board recommends the same.

No Director or any Key Managerial Personnel of the Company or any of their relatives is concerned or interested, financially or otherwise, in respect of the said Resolution.

## PARTICULARS RELATING TO DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED

Name of Director	MR. DEEPAK KHAITAN
Date of Birth	9th May 1955
Qualification	B. Com. (Hons.) MBA. (Geneva)
Expertise	Mr. D. Khaitan hails from a renowned family of Industrialists. He has indepth exposure to and involvement in steering diverse businesses in India and has gained considerable expertise in management of Tea, Batteries and Engineering Industries. He is a Director of number of Companies having diversified business interests.
Directorships held in other Companies (excluding foreign Companies)	Williamson Magor & Co. Limited Eveready Industries India Limited Williamson Financial Services Limited McNally Bharat Engineering Company Limited Babcock Borsig Limited McNally Sayaji Engineering Limited Kilburn Engineering Limited Litez India Limited Indivar Commercial Private Limited Turf Properties Private Limited MBE Coal & Mineral Technology India Private Limited
Committee Memberships, if any, with position	Member of Audit Committee and Remuneration Committee of Babcock Borsig Limited
Shareholding in the Company	11,818 Equity Shares of Rs.5/- each

Name of Director	MR. AZAM MONEM
Date of Birth	22nd November 1959
Qualification	B. Com. (Hons.)
Expertise	During the last 34 years Mr. Monem has gained rich experience in tea tasting and marketing. Mr. Monem has in-depth knowledge in Exports and Domestic Sales of Tea and achieved valuable experience as a buyer, blender and trader. Mr. Monem is the Additional Vice Chairman of ITA and Chairman of ITA's Export Promotion and Marketing Sub-Committee and also the former Chairman of Calcutta Tea Traders Association. Mr. Monem was a member of a number of tea delegations to various Countries led by the Tea Board and Commerce Ministry.
Directorships held in other Companies (excluding foreign Companies)	Nil
Committee Memberships, if any, with position	Nil
Shareholding in the Company	500 Equity Shares of Rs.5/- each

Name of Director	MR. UTSAV PAREKH
Date of Birth	28th August 1956
Qualification	B. Com. (Hons.)
Expertise	Mr. U. Parekh, an investment banker, has about 34 years of in-depth experience in merchant banking and financial services. Mr. Parekh is on the Boards of a number of Companies engaged in diverse industries including engineering, capital market services etc.
Directorships held in other Companies (excluding foreign Companies)	SMIFS Capital Markets Limited McNally Bharat Engineering Company Limited Xpro India Limited Lend Lease Company (India) Limited Bengal Aerotropolis Projects Ltd Texmaco Infrastructure & Holdings Limited Indian Chamber of Commerce Calcutta
Committee Memberships, if any, with position	1. Member of Audit Committee of: (a) SMIFS Capital Markets Limited (b) McNally Bharat Engineering Company Limited. 2. Member of Remuneration Committee and Investors' Grievance Committee of McNally Bharat Engineering Company Limited.
Shareholding in the Company	Nil

Name of Director	MRS. RAMNI NIRULA
Date of Birth	27th May 1952
Qualification	B.A. (in Economics), MBA. (Delhi University)
Expertise	Mrs. Nirula had an illustrious career with ICICI Bank Group where she started her career way back in 1976 and retired as Senior General Manager of ICICI Bank Limited. During this period she held various leadership positions in the areas of Project Financing, Strategy, Planning and Resources and Corporate Banking. Mrs. Nirula also held key positions as Managing Director & CEO of ICICI Securities Limited as also the Head of the Corporate Banking Group of ICICI Bank. Mrs. Nirula is also on the Boards of a number of renowned Indian Companies.
Directorships held in other Companies (excluding foreign Companies)	DRN Investments and Agriculture Pvt Ltd Jubilant Food Works Limited, TAMA Investment and Finance Pvt Ltd Utkarsh Micro Finance Private Limited, Usha Martin Limited IKP Knowledge Park P. I. Industries Limited Avantha Power & Infrastructure Limited Goldman Sachs Trustee Co (India) Pvt Ltd Sona Koyo Steering Systems Limited Avantha Ergo Life Insurance Company Ltd Eveready Industries India Limited
Committee Memberships, if any, with position	1. Chairperson of Audit Committee of Avantha Ergo Life Insurance Company Limited 2. Chairperson of Share Holding Relationship Committee of P. I. Industries Limited 3. Chairperson of Share Transfer & Grievance Committee of Jubilant Food Works Limited 4. Member of Audit Committee of: (a) Avantha Power & Infrastructure Limited (b) Sona Koyo Steering System Limited (c) Eveready Industries India Limited (d) Goldman Sachs Trustee Co. (India) Pvt. Ltd. (e) Jubilant Food Works Limited (f) Utkarsh Micro Finance Pvt. Ltd.
Shareholding in the Company	Nil

Name of Director	DR. RAGHAVACHARI SRINIVASAN
Date of Birth	30th May 1931
Qualification	Ph. D. (in Banking & Finance from Bombay University), CAIIB., FIB.
Expertise	Dr. R. Srinivasan aged 83 years, has more than 40 years of experience in the banking industry. He holds a Doctorate in Banking from Bombay University and is an Associate & Fellow of Indian Institute of Banking & Finance. He held various positions in banks and retired as Chairman and Managing Director of Bank of India. Prior to that he was CMD of New Bank of India which got merged with Punjab National Bank and Allahabad Bank. He was Chairman of Indian Banks Association for nearly four terms, a director of IDBI, Discount & Finance House of India, New India Assurance Co. Ltd. & ECGC. He was also on various high level Committees constituted by RBI. He has been a director of the Company since March 2005 and is a member of the 'Audit Committee' and 'Nomination & Remuneration Committee' of the Company. He does not hold any shares of the Company.
Directorships held in other Companies (excluding foreign Companies)	Graphite India Limited Elder Pharmaceuticals Limited Goldiam International Limited Shalimar Paints Limited Williamson Magor & Co. Limited Nayamode Solutions Pvt Ltd Snowcem Paints Pvt Ltd J. Kumar Infraprojects Limited J. M. Financial Trustee Company Pvt Ltd New Turn Consulting Pvt Ltd
Committee Memberships, if any, with position	1. Chairman of Audit Committee of: (a) Shalimar Paints Limited (b) J. Kumar Infraprojects Limited. 2. Chairman of Investors' Grievance Committee of Elder Pharmaceuticals Limited. 3. Chairman of Remuneration Committee of: (a) J. Kumar Infraprojects Limited (b) Elder Pharmaceuticals Limited (c) Williamson Magor & Co. Limited. 4. Member of Audit Committee of: (a) Elder Pharmaceuticals Limited (b) Graphite India Limited (c) Goldiam International Limited (d) Williamson Magor & Co. Limited. 5. Member of Remuneration Committee of Graphite India Limited.
Shareholding in the Company	Nil

Name of Director	MR. BHARAT BAJORIA
Date of Birth	12th March 1953
Qualification	B. Sc. (Hons.)
Expertise	Mr. Bajoria is associated with tea industry since 1975 and during his long career for about 4 decades has gathered considerable experience in all aspects of tea plantation business. Mr. Bajoria is the Managing Director of Teesta Valley Tea Co. Limited and The Bormah Jan Tea Co. (1936) Limited and he is having directorships in other companies. As a leader of the Indian tea industry, Mr. Bajoria held in the past, the position of Chairman of Indian Tea Association and Consultative Committee of Plantation Association. Mr. Bajoria was also the Chairman of Darjeeling Planters Association and Special Committee for Generic Tea Promotion in India.
Directorships held in other Companies (excluding foreign Companies)	Banarhat Investment Co. Private Limited Birdie Trading Private Limited Teesta Valley Tea Co. Limited Teesta Valley Exports Limited Speedways International Private Limited McLeod & Co. Limited Trishul Co. Private Limited Globe (India) Limited The Budge Budge Investment Co. Pvt Ltd The Bormah Jan Tea Co. (1936) Limited Williamson Magor & Co. Limited
Committee Memberships, if any, with position	Member of Remuneration Committee of Williamson Magor & Co. Limited.
Shareholding in the Company	1,400 Equity Shares of Rs. 5/- each.
Name of Director	MR. RANABIR SEN
Date of Birth	18th October 1945
Qualification	Graduate from St. Joseph's College in Darjeeling.
Expertise	Mr. Sen joined J. Thomas & Co. Private Limited in 1964 and served the Company in various capacities at Kolkata and various branches in India and also abroad. He was the key person in setting up the Siliguri Tea Auctions and also the Singapore Auctions. Inducted into the Board of J. Thomas & Co. Private Limited in 1987 and became the Managing Director in 1995 and Chairman in 2001. He retired from J. Thomas & Co. Private Limited as CMD on 31st March 2004. He was an active member of various tea committees including Tea Board.
Directorships held in other Companies (excluding foreign Companies)	DLX Limited
Committee Memberships, if any, with position	Nil
Shareholding in the Company	133 Equity Shares of Rs.5/- each.



Name of Director	MR. ADITYA KHAITAN
Date of Birth	30th January 1968
Qualification	B.Com. (Hons.)
Expertise	Mr. Khaitan has had indepth exposure to and involvement in steering diverse businesses and has gained considerable experience and expertise in management, production, marketing, corporate finance and other related areas of Tea Industry and also in the matter of restructuring, mergers, demergers and acquisitions of corporate entities. Mr. Khaitan was the Chairman of the Indian Tea Association for three consecutive years upto 2009-2010. He was a Committee Member of Indian Chamber of Commerce and was a Member of Tea Board.
Directorships held in other Companies (excluding foreign Companies)	Williamson Magor & Co. Limited Eveready Industries India Limited Williamson Financial Services Limited McNally Bharat Engineering Company Limited Babcock Borsig Limited D1 Williamson Magor Bio Fuel Limited Woodside Parks Limited Prana Lifestyle Private Limited Royal Calcutta Golf Club
Committee Memberships, if any, with position	1. Member of Audit Committee and Remuneration Committee of Babcock Borsig Limited. 2. Chairman of Audit Committee and Remuneration Committee of D1 Williamson Magor Bio Fuel Limited
Shareholding in the Company	7,272 Equity Shares of Rs.5/- each
Name of Director	MR. RAJEEV TAKRU
Date of Birth	5th May 1955
Qualification	B.A. (Hons.)
Expertise	Mr. Takru has more than 3 decades of experience in operations of Tea Estate Management. He has had indepth exposure in other administrative functions and human resource development. He has held various senior positions in a number of Companies of Williamson Magor Group. Mr. Takru is also associated with health and educational activities. He is on the Boards of Woodlands Multispeciality Hospital Limited and The Assam Valley School.
Directorships held in other Companies (excluding foreign Companies)	Dufflaghur Investments Limited Seajuli Developers & Finance Limited Woodlands Multispeciality Hospital Limited
Committee Memberships, if any, with position	Nil
Shareholding in the Company	900 Equity Shares of Rs.5/- each

Name of Director	MR. KAMAL KISHORE BAHETI
Date of Birth	17th January 1963
Qualification	B. Com. (Hons.), FCA, ACS, AICWA.
Expertise	Mr. Baheti has held various important positions in Accounts and Finance of a number of reputed Companies. He is associated with Tea Companies belonging to Williamson Magor Group since 1989 and during this period has gained considerable expertise in the matters pertaining to Accounts and Finance of Tea Companies as also in the matter of Corporate Finance, Capital Market activities, restructuring, mergers and demergers of Corporate entities. Mr. Baheti is a Member of the Finance and Taxation Sub-Committee of Indian Tea Association.
Directorships held in other Companies (excluding foreign Companies)	Williamson Financial Services Limited Dufflaghur Investments Limited Seajuli Developers & Finance Limited Woodside Parks Limited Majerhat Estates & Developers Limited United Machine Co. Limited Ichamati Investments Limited Queens Park Property Co. Limited Bishnauth Investments Limited ABC Tea Workers Welfare Services
Committee Memberships, if any, with position	1. Member of Shareholders' Grievance Committee and Remuneration Committee of Williamson Financial Services Limited. 2. Member of Audit Committee and Remuneration Committee of Babcock Borsig Limited
Shareholding in the Company	5,100 Equity Shares of Rs.5/- each



**McLEOD RUSSEL**

*Believe in tea*

# Responsible Leadership

McLEOD RUSSEL INDIA LIMITED

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Annual Report 2013-14





“Tea is not a mere commodity for us. It is heritage based on values and culture full of sentiments and commitments.”

– B M Khaitan, *Chairman*



## C O N T E N T S

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## MISSION STATEMENT

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

— Aditya Khaitan, *Managing Director*

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

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

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

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





## Lineage

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

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

## Promoters

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



## Location

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

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

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

## Listing

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

## Accreditations and awards

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

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

## Business

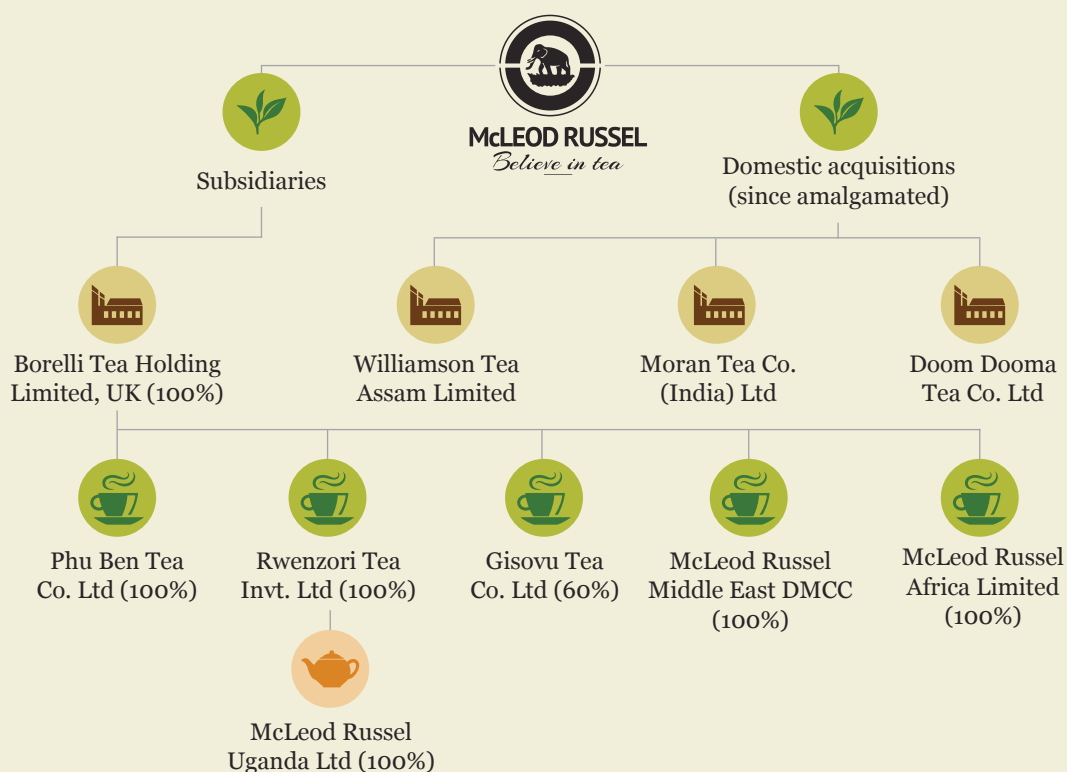
● The Company is engaged in the cultivation, processing and sale of tea. It mainly produces CTC tea in India, Africa and Vietnam, accounting for nearly 90 per cent of its production; the rest of the tea manufactured by the Company is of the Assam orthodox variety in Assam and Vietnam and Green tea in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

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

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

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

## OUR ORGANISATIONAL STRUCTURE

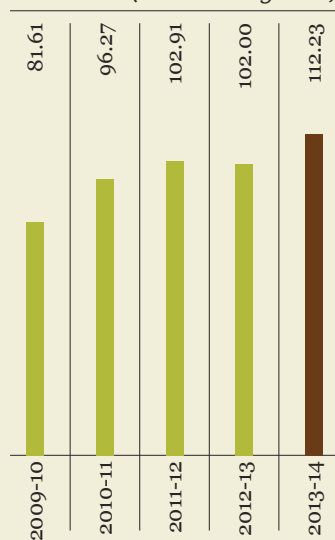




## HIGHLIGHTS (CONSOLIDATED)

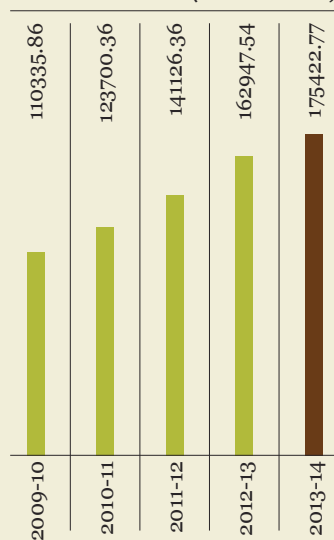
### Saleable Production

(million kilograms)



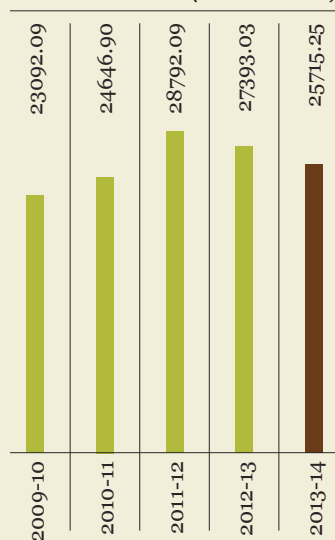
### Sale of Tea

(Rs. in Lakhs)



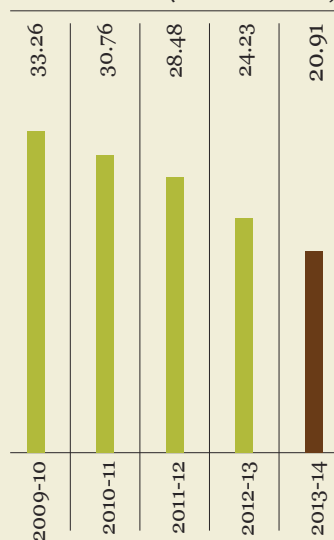
### PAT

(Rs. in Lakhs)



### EBIDTA margin

(as a % of sales)



## OUR BUSINESS MODEL



### Good agricultural practices

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

kilograms/hectare which is well above industry average

### Good manufacturing practices

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

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

### Exclusive HR policy

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





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

- Transparent reward and recognition policy

### High value quality tea

- Business plan through effective discussions

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

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

- Transparent performance evaluation

### Sustainable produce

- Soil conservation and management

- Water conservation with an emphasis on rain water harvesting

- Integrated pest and weed management

- Afforestation and preservation of natural habitat

- Prudent energy conservation

- Waste management and disposal

### CSR – a way of life

- Extension of health facilities/ services to neighbouring communities.

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

- Promotion and recognition of literary/scholastic pursuits.

- Economic empowerment for local/neighbouring communities

- Vocational training for communities in and around estates.









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

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

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

## Responsibility and shareholders

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





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

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

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

**Process orientation:** The Company strengthened its

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

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

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

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

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

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

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

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

**17.55** %  
of shareholding held  
by FIIs, 2006-07

**34.43** %  
of shareholding held  
by FIIs, 2013-14

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

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



## Responsibility and customers

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



Our customer responsibility has been reflected in the following initiatives:

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

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

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



declined significantly without compromising yield.

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

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

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

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

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

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

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

437 lakh kgs

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

50 %

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

25

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

## Responsibility and employees

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







Our employee responsibility is reflected in the following initiatives:

**Large payer of Employee**

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

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

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

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

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

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

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

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

Rs. **25186**

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

Rs. **52194**

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

## Responsibility and community

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



This responsibility has been reflected in the following initiatives:

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

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

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



## Responsibility and government

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



This responsibility has been reflected in the following initiatives:

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

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

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

Rs. **156** lakhs

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

Rs. **5248** lakhs

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



## Responsibility and industry

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



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

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

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

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

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

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



## Corporate information

### Board of Directors

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

### Company Secretary

Amitabha Guha Sarkar

### Board Committees

#### Audit Committee

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

#### Stakeholders' Relationship Committee

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

#### Nomination & Remuneration Committee

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

#### Corporate Social Responsibility [CSR] Committee

Rajeev Takru	<i>Chairman</i>
Azam Monem	
Kamal Kishore Baheti	
Ranabir Sen	

### Auditors

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

### Registered Office

Four Mangoe Lane  
Surendra Mohan Ghosh Sarani, Kolkata - 700001  
Corporate Identity Number (CIN) :  
L51109WB1998PLCo87076  
Phone: (033) 2210-1221/2243-5391/2248-9434/35  
Fax: (033) 2248-8114 / 2248-3683 / 2248-6265  
E-mail: administrator@mcleodrussel.com  
Website: www.mcleodrussel.com

### Bankers

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

### Solicitors

Khaitan & Co LLP

### Registrar

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

**Disclaimer:** With a view to enabling the Members of the Company to understand the Company better, certain information has been provided in page Nos.1 to 18 of this Annual Report, which is not purported to be a part of any statutory disclosure. The estimates mentioned and assumptions made therein and the particulars relating to the market and the industry contained therein have been based on information gathered from various published and unpublished reports and their accuracy, reliability and completeness cannot be assured.

# Report of the Directors

For the financial year ended 31st  
March 2014



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

## Review of Performance

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

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

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





## Dividend

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

## Review of Operations

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

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

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

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

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

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

The Company saw a total export quantum of 236 lakh kgs during the year with an overall export turnover of over Rs. 46525 lakhs. Favourable feedback was received from the buyers both in terms of quality and deliveries.

## Subsidiary Companies and Consolidated Financial Statements

The Company has one wholly owned subsidiary namely, Borelli Tea Holdings Limited, U.K. (Borelli) and six step down subsidiaries. Borelli is inter alia engaged in the business of investing funds in various Companies engaged in tea production, blending marketing and investment activities. As at the end of the year on 31st March 2014 Borelli had the following subsidiaries in different countries:-

- (i) Phu Ben Tea Company Limited, Vietnam – controlling stake of Borelli being 100%
- (ii) Rwenzori Tea Investments Limited, Uganda – controlling stake of Borelli being 100%
- (iii) McLeod Russel Uganda Limited – 100% subsidiary of Rwenzori
- (iv) Gisovu Tea Company Limited, Rwanda – controlling stake of Borelli being 60%
- (v) McLeod Russel Middle East DMCC, UAE – controlling stake of Borelli being 100%
- (vi) McLeod Russel Africa Limited, Kenya – controlling stake of Borelli being 100%

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



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

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

### **Borelli Tea Holdings Limited**

Borelli Tea Holdings Limited (Borelli) has invested in its subsidiaries in Vietnam, Uganda, Rwanda, Dubai and Kenya. During the year ended 31st March 2014, Borelli has achieved higher profit after tax equivalent to Indian Rs. 5525 lakhs as compared to Rs. 3876 lakhs earned in the earlier year. Its Board has recommended payment of dividend at the rate 300% on its equity capital held by your Company.

### **Phu Ben Tea Company Limited**

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

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

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

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

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

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

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

### **McLeod Russel Uganda Limited**

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



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

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

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

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

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

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

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

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

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

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

### **Gisovu Tea Company Limited**

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

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

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

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

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

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

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

### **McLeod Russel Middle East DMCC**

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

### **D1 Williamson Magor Bio Fuel Limited**

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

### **Change in Company Law**

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

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



## Corporate Social Responsibility

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

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

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

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

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

funded by the Williamson Magor Education Trust.

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

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

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

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

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



## Directors

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

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

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

## Cost Audit

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

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

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

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

## Auditors

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



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

### **Management Discussion & Analysis Report and Report on Corporate Governance**

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

#### **Directors' Responsibility Statement.**

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

1. That in the preparation of the annual accounts for the financial year ended 31st March 2014, the applicable accounting standards had been followed with no material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting

records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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

### **Conservation of Energy and Technology Absorption**

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

### **Particulars of Employees**

A statement of particulars of employees as required under section 217(2A) of the Companies Act, 1956, read with the Rules made thereunder forms a part of this report as a separate Annexure.

### **Employee Relations**

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

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

For and on behalf of the Board

Place: Kolkata

Date: 23rd May 2014

A. Khaitan  
Managing Director

K. K. Baheti  
Wholetime Director & CFO

## Annexure to the Directors' Report 2013-2014

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

### A. Conservation of Energy

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

### B. Power & Fuel Consumption

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



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

### C. Research and Development

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

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

#### Expenditure on Research & Development

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

### D. Technology Absorption, Adaptation & Innovation

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

### E. Foreign Exchange Income & Outgo

During the year, the Company's direct exports were 236.02 lakh kgs (2012-13: 250.52 lakh kgs) of Tea.

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

For and on behalf of the Board

Place: Kolkata  
Date: 23rd May 2014

A. Khaitan  
Managing Director

K. K. Baheti  
Wholetime Director & CFO



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

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

### Notes:

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

For and on behalf of the Board

Place : Kolkata  
Date : 23rd May 2014

**A. Khaitan**  
*Managing Director*

**K. K. Baheti**  
*Wholetime Director & CFO*



# Management Discussion and Analysis



## Industry Structure and Development

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

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

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

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

## Opportunities and Threats

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

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



### Risks and Concerns

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

These problems need to be addressed by improved productivity and energy conservation. The Tea Industry both in Assam and West Bengal has discussed with the Trade Unions and implemented productivity linked wages for the tea workers with a view to regain the Industry's competitiveness in the global market. Labour agreement for revision in wages for tea industry in Assam and West Bengal is due effective 1st January 2015 and 1st April 2014 respectively.

The Industry is also subject to taxation from the State Government as well as Central Government and while the level of direct taxes has come down over a period, some of the State levies like cess on green leaf in Assam and substantial increase in Land Revenue charges puts the industry at a very disadvantageous position.

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

### Outlook

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



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

### Internal Control Systems and their Adequacy

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

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

### Finances

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

### Human Resources

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

### Cautionary Statement

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

For and on behalf of the Board

Place: Kolkata  
Date: 23rd May 2014

A. Khaitan  
Managing Director

K. K. Baheti  
Wholetime Director & CFO



# Report on Corporate Governance



## 1. Company's Philosophy

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

## 2. Board of Directors

### i. Composition

The Board of Directors of your Company as on 31st March 2014 consisted of twelve Directors as under:

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

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

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

Name and category of the Directors on the Board, their attendance at Board Meetings held during the financial year ended 31st March 2014, number of Directorships and Committee Chairmanships/ Memberships held by them in other public limited companies are given below. Other Directorships do



not include alternate Directorships, Directorships in Private Limited Companies and Companies under Section 25 of the Companies Act, 1956 and of the Companies incorporated outside India. Chairmanship/Membership of Board Committees relates to only Audit and Shareholders'/Investors' Grievance Committees.

Name of Directors	Category	No. of Board Meetings		Whether Attended Last AGM held On 26th July 2013	No. Of Directorships in other Public Limited Companies	No. Of Committee Positions held in other Public Limited Companies	
		Held during the year	Attended			As Chairman/Chairperson	As Member (#)
Mr. B. M. Khaitan	Non-Executive Chairman	6	6	Yes	5	-	1
Mr. D. Khaitan	Non-Executive Vice-Chairman	6	4	No	8	-	1
Mr. A. Khaitan	Managing Director	6	5	Yes	7	1	2
Dr. R. Srinivasan	Non-Executive & Independent	6	6	Yes	6	3	7
Mr. B. Bajoria	Non-Executive & Independent	6	5	Yes	7	-	1
Mr. R. Sen	Non-Executive & Independent	6	6	Yes	1	-	-
Mrs. R. Nirula	Non-Executive & Independent	6	4	Yes	7	2	7
Mr. U. Parekh	Non-Executive & Independent	6	5	No	6	-	3
Mr. S. N. Menon	Non-Executive & Independent	6	-	No	2	-	-
Mr. R. Takru	Wholtime Director	6	5	Yes	3	-	-
Mr. A. Monem	Wholtime Director	6	4	Yes	-	-	-
Mr. K.K. Baheti	Wholtime Director	6	6	Yes	10	-	2

(#) Including Chairmanship, if any.

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

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

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

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

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

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

### 3. Audit Committee

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

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

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

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

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

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

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

- Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause 2AA of Section 217 of the Companies Act, 1956.
- Changes, if any, in accounting policies and practices and reasons for the same;

- Major accounting entries involving estimates based on exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions;
- Qualifications in the draft audit report.

g) Reviewing the adequacy of internal audit function.

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

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

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

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

#### ii. Composition

The Audit Committee of the Board as on 31st March 2014 consisted of Dr. R. Srinivasan, Messrs. B. Bajoria, R. Sen and S. N. Menon. Dr. R. Srinivasan, a Non-Executive Independent Director, having adequate financial and accounting qualification and expertise, is the Chairman of the Audit Committee. The other members of the Committee are also financially literate. The Committee consists of four Non-Executive Independent Directors. Mr. A. Guha Sarkar, Vice President & Company Secretary acts as the Secretary to the Committee.



### iii. Meetings and attendance during the year

The particulars of meetings attended by the members of the Audit Committee during the financial year ended 31st March 2014 are given below:

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

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

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

The necessary quorum was present at all the Meetings.

## 4. Remuneration Committee

### i. Brief description of terms of reference

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

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

### ii. Composition

The Remuneration Committee of the Board as on 31st March 2014 comprised Mr. B. Bajoria, a Non-Executive Independent Director, as the Chairman, Dr. R. Srinivasan and Mr. R. Sen, Non-Executive Independent Directors as its Members.

### iii. Attendance during the year

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

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

### iv. Remuneration Policy

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



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

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

#### v. Details of Remuneration to All the Directors

a) The details of remuneration for the financial year ended 31st March 2014 to the Non-Executive Directors and their shareholding in the Company are as under:

Name of Directors	Sitting Fees (Rs.) for Board Meetings (#)	Sitting Fees (Rs.) for Committee Meetings (#)	Commission (#) (Rs.)	No. of Shares held as on 31st March 2014 (#)
Mr. B. M. Khaitan	1,20,000	-	2,50,000	36,288
Mr. D. Khaitan	80,000	-	2,50,000	55,018
Dr. R. Srinivasan	1,20,000	1,60,000	2,50,000	-
Mr. B. Bajoria	1,00,000	1,60,000	2,50,000	1,400
Mr. R. Sen	1,20,000	2,00,000	2,50,000	133
Mr. U. Parekh	1,00,000	40,000	2,50,000	-
Mr. S. N. Menon	-	-	2,50,000	-
Mrs. R. Nirula	80,000	-	2,50,000	-
Total	7,20,000	5,60,000	20,00,000	92,839

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

The Company has not issued any convertible instruments.

b) Details of Remuneration for the financial year ended 31st March 2014 to the Managing Director and Wholetime Directors are given below:

	Mr. A. Khaitan Rs.	Mr. R. Takru Rs.	Mr. A. Monem Rs.	Mr. K.K. Baheti Rs.
Salary	1,50,00,000	63,00,000	63,00,000	63,00,000
Contribution to Provident Fund and other Funds	40,50,000	17,01,000	17,01,000	17,01,000
Bonus and Allowances	1,20,00,000	86,80,000	86,80,000	86,80,000
Monetary value of Perquisites	33,68,655	2,77,773	1,77,491	1,03,447
Period of appointment	3 years w.e.f. 01.04.2011	3 years w.e.f. 01.04.2011	3 years w.e.f. 01.04.2011	3 years w.e.f. 01.04.2011
Notice period	3 months	3 months	3 months	3 months
Severance fees	Not specified	Not specified	Not specified	Not specified



## 5. Shareholders'/Investors' Grievance Committee

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

The Shareholders'/Investors' Grievance Committee of the Board as at 31st March 2014 consisted of three members. Mr. R. Sen, a Non-Executive Independent Director, is the Chairman of the Committee. Mr. B. Bajoria and Mr. U. Parekh both Non-Executive and Independent Directors were the other Members of the Committee.

#### a) Brief description of the terms of reference

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

#### b) Meetings and attendance during the year

During the financial year two Meetings of the Shareholders'/Investors' Grievance Committee were held on 30th October 2013 and 28th March 2014 and the attendance of Members are as follows:

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

### ii. Name and designation of the Compliance Officer

**Mr. A. Guha Sarkar**

Vice President & Company Secretary/Compliance Officer

**McLeod Russel India Limited**

Four Mangoe Lane

Surendra Mohan Ghosh Sarani

Kolkata 700001

### iii. Details of Complaints received, redressed and pending during the financial year ended 31st March 2014

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

## 6. General Body Meetings

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

Financial Year ended	Date	Time	Venue
31.03.2011	29.07.2011	11.00 a.m.	Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017
31.03.2012	27.07.2012	11.30 a.m.	Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017
31.03.2013	26.07.2013	11.30 a.m.	Kala Mandir, 48 Shakespeare Sarani, Kolkata 700 017

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

AGM held on	Special Resolution passed:
29.07.2011	A Special Resolution pursuant to the provisions of Section 309(4) of the Companies Act, 1956 for payment of remuneration by way of commission to the Non-Executive Directors.
27.07.2012	None
26.07.2013	None

iii. No Special Resolution was passed during the financial year ended 31st March 2014 through Postal Ballot.

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

**7. Disclosures**

i) Transactions with the related parties have been disclosed in Note No.36 of the Notes to Financial Statements in the Annual Report for the year under review.

ii) The Company has complied with all the mandatory requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters related to capital markets during the financial year. No penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets during the financial years ended 31st March 2012, 31st March 2013 and 31st March 2014.

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

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

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

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

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

**8. Means of Communication****i. Quarterly Results and publication thereof in newspapers.**

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

**ii. Display in Website**

Financial Results, Shareholding Pattern, Information Update etc., are displayed on the Company's Website [www.mcleodrussel.com](http://www.mcleodrussel.com)

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

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



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

## 9. General Shareholders' Information

### i. 16th Annual General Meeting

Date and Time : 23rd July 2014 (Wednesday)  
at 11.00 a.m.

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

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

### iii. Dates of Book Closure

The Share Transfer Books and Register of Members of the Company will remain closed from 16th July 2014 to 23rd July 2014 (both days inclusive) for the purpose

of the Annual General Meeting of the Company and payment of Dividend.

### iv. Dividend Payment Date

The Dividend, if declared, shall be paid/credited on or after 28th July 2014.

### v. Listing on Stock Exchanges

The Company's Shares are listed at the following Stock Exchanges and the Annual Listing Fees for the year 2014-2015 have been paid to all these Stock Exchanges.

#### Name of the Stock Exchange

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

### vi. Stock Code

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

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

### vii. Stock Price Data:

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

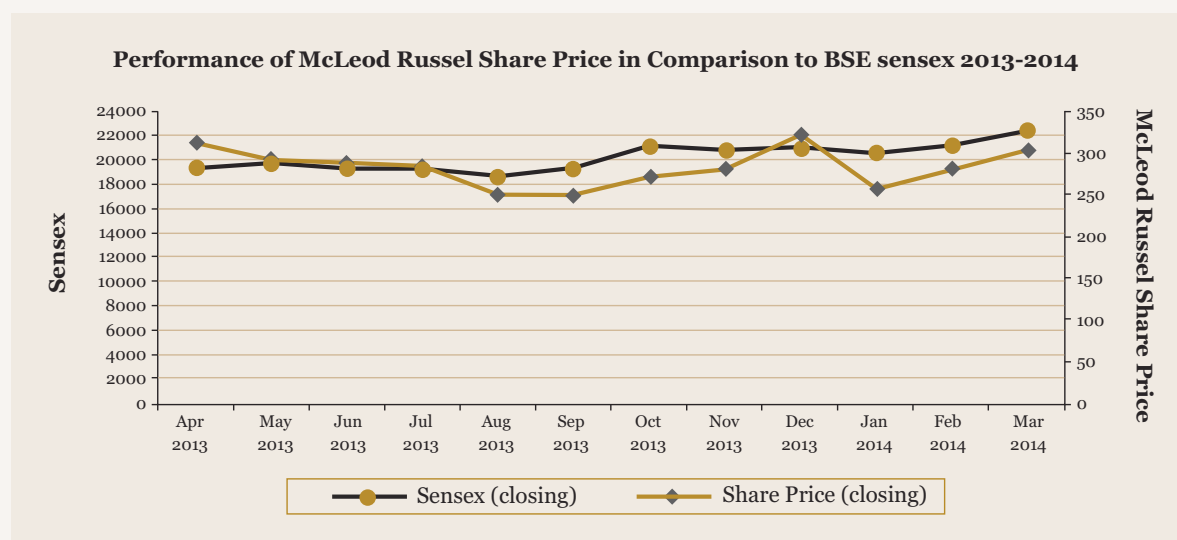


**viii. Performance in comparison to BSE Sensex:**

Share Price Performance (April 2013 to March 2014)

Sensex (Closing)

Share Price (Closing)

**ix. Registrar and Share Transfer Agents:**

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

**Maheshwari Datamatics Pvt Ltd.**

6, Mangoe Lane, 2nd Floor

Surendra Mohan Ghosh Sarani, Kolkata – 700001.

TEL. : (033) 2243-5809; 2243-5029; 2248-2248

FAX : (033) 2248-4787

E-MAIL : mdpl@cal.vsnl.net.in

**x. Share Transfer System:**

The requests for transfer of shares held in physical mode should be lodged at the office of the Company's Registrar & Share Transfer Agents, Maheshwari Datamatics Private Limited (Registered with SEBI), 6 Mangoe Lane, 2nd Floor, Surendra Mohan Ghosh

Sarani, Kolkata 700001 or at the Registered Office of the Company. The Board of Directors has unanimously delegated the powers of share transfer, transmission, sub-division, consolidation and issue of duplicate Share Certificate/s to a Share Transfer Committee comprising Messrs. R. Takru, A. Monem and K. K. Baheti in order to expedite transfer, transmission etc. in the physical form. During the year the Committee met once every week for approving Share Transfers and for other related activities. Share Transfers are registered and returned in the normal course within an average period of 14 days, if the transfer documents are found technically in order and complete in all respects.

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



**xi. (a) Distribution of shareholding as on 31st March 2014**

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

**(b) Shareholding Pattern as on 31st March 2014**

Sr. No.	Category	Number of Shareholders	No. of Shares held	% of holding
1	Promoters	24	5,00,33,585	45.71
2	Mutual Funds/UTI	32	53,68,460	04.91
3	Financial Institutions/Banks	90	3,28,826	00.30
4	Central/State Government(s)	1	112	00.00
5	Insurance Companies	3	15,87,150	01.45
6	Foreign Institutional Investors	131	3,76,85,842	34.43
7	Bodies Corporate	889	31,57,742	02.88
8	Resident Individuals	54,559	1,02,87,984	09.40
9	NRI/OCBs	692	4,70,160	00.43
10	Trust	16	2,29,774	00.21
11	Clearing Member	166	3,06,100	00.28
	<b>Total:</b>	<b>56,603</b>	<b>10,94,55,735</b>	<b>100.00</b>

**xii. Dematerialization of Shares and liquidity:**

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

As on 31st March 2014, 97.47% of the Company's equity shares of Rs. 5/- each representing 10,66,85,291 shares were in dematerialized form and the balance 2.53% representing 27,70,444 shares were in physical form. The entire shareholding of the Promoters is in the dematerialized form.

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

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

**xiv. Plant Locations:**

Tea manufacturing plants are located at the following Tea Estates –

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

**xv. Address for correspondence for Share and related services:**

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

**i. The Company's Registered Office at :****McLEOD RUSSEL INDIA LIMITED**

Corporate Identity Number (CIN):

L51109WB1998PLCo87076

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

TEL : 033-2210-1221, 033-2243-5391,

033-2248-9434, 033-2248-9435

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

91-33-2248-6265

E-Mail: administrator@mcleodrussel.com

**ii. Registrar and Share Transfer Agents' Registered Office at:****Maheshwari Datamatics Pvt Ltd.**

6, Mangoe Lane, 2nd Floor

Surendra Mohan Ghosh Sarani, Kolkata - 700001.

Tel. : (033) 2243-5029; 2243-5809; 2248-2248

Fax : (033) 2248-4787

E-mail: mdpl@cal.vsnl.net.in

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

Special E-mail Id. : investors@mcleodrussel.com

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

During the financial year ended 31st March 2014, a part of the expenses for maintenance of the office of the Non-Executive Chairman was borne by the Company.

**(ii) Remuneration Committee:**

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



**(iii) Shareholder Rights:**

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

**(iv) Audit Qualification:** Nil

**(v) Training of Board Members:**

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

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

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

**(vii) Whistle Blower Policy:**

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

For and on behalf of the Board

Place: Kolkata

Date: 23rd May 2014

A. Khaitan

*Managing Director*

K. K. Baheti

*Wholetime Director & CFO*

## AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **McLeod Russel India Limited**

We have examined the compliance of conditions of Corporate Governance by McLeod Russel India Limited, for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement(s) of the said Company with stock exchange(s) in India.

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

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

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

**Prabal Kr. Sarkar**

*Partner*

Membership Number 52340

For **Price Waterhouse**

Firm Registration Number 301112E

*Chartered Accountants*

Place: Kolkata

Date: 23rd May 2014



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

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

I confirm that the Company has in respect of the financial year ended 31st March 2014 received from the Members of the Board and Senior Management Personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

**McLEOD RUSSEL INDIA LIMITED**

Place : Kolkata

Date: 23rd May 2014

**A. Khaitan**

*Managing Director (CEO)*



## Independent Auditors' Report

To the Members of

**McLeod Russel India Limited**

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

### **Opinion**

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

#### Report on Other Legal and Regulatory Requirements

7. As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - (c) The Balance Sheet, Profit and Loss Statement, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
  - (d) In our opinion, the Balance Sheet, Profit and Loss Statement, and Cash Flow Statement dealt with by this report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
  - (e) On the basis of written representations received from the directors , and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

**For Price Waterhouse**

Firm Registration Number: 301112E

*Chartered Accountants*

**Prabal Kr. Sarkar**

*Partner*

Membership Number :52340

Kolkata

May 23, 2014



## Annexure to Independent Auditors' Report

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

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.  
  
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.  
  
(c) In our opinion, and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
- ii. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them and/or have been verified with reference to subsequent sale. In our opinion, the frequency of verification is reasonable.  
  
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has granted unsecured demand loan to a company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year and the year-end balance of such loans aggregated to Rs.360 lakhs and Rs.300 lakhs, respectively. The Company has not granted any secured/unsecured loans to firms or other parties covered in the register maintained under Section 301 of the Act.  
  
(b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.  
  
(c) In respect of the aforesaid loans, the party is repaying the principal amounts, as stipulated, and is also regular in payment of interest as applicable.  
  
(d) In respect of the aforesaid loan, there is no overdue amount more than Rupees One Lakh.  
  
(e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, the provisions of Clause 4(iii) (f) and (g) of the said Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.



- (b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of cess on green leaf, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, investor education and protection fund, employees' state insurance, sales tax, income tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, wealth-tax, and customs duty which have not been deposited on account of any dispute. The particulars of dues of income tax, service tax, and excise duty as at March 31, 2014 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Tax deducted at Source and Interest (Refer Note 39 to Financial Statement)	4578.00	2005-06	CIT (Appeals)
	Fringe Benefit Tax	66.96	2007-08 and 2008-09	Income Tax Appellate Tribunal
	Fringe Benefit Tax	41.37	2005-06	Calcutta High Court
	Income Tax	10.27	2006-07	Calcutta High Court
	Income Tax	1877.71	2010-11	CIT (Appeals)
	Tax Deducted at Source	79.51	2007-08 to 2013-14	Deputy Commissioner of Income Tax
Finance Act, 1994	Service Tax	70.13	2004-05 to 2007-08	Commissioner (Appeal)
Central Excise Act, 1944	Excise Duty	10.75	1999-2003	Additional Commissioner of Central Excise and Service Tax



- x. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any bank as at the balance sheet date. The Company did not have any dues outstanding to any debenture holders or financial institutions as at the beginning of the year nor did it obtain any such loans during the year.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of Clause 4(xii) of the Order are not applicable to the Company.
- xiii. As the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- xv. In our opinion, and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
- xvi. In our opinion, and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the Company has used funds raised on short-term basis for long-term investment. The Company has excess current liabilities over current assets amounting to Rs.5318 lakhs on a short term basis, which has been used for non-current assets.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year. Accordingly, the provisions of Clause 4(xviii) of the Order are not applicable to the Company.
- xix. The Company has not issued any debentures during the year and does not have any debentures outstanding as at the beginning of the year and at the year end. Accordingly, the provisions of Clause 4(xix) of the Order are not applicable to the Company.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of Clause 4(xx) of the Order are not applicable to the Company.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

**For Price Waterhouse**

Firm Registration Number: 301112E

*Chartered Accountants*

**Prabal Kr. Sarkar**

*Partner*

Membership Number :52340

Kolkata

May 23, 2014

## Balance Sheet as at 31<sup>st</sup> March, 2014

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

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

The notes are an integral part of these Financial Statements

For **PRICE WATERHOUSE**

Firm Registration Number 301112E  
Chartered Accountants

For and on behalf of the Board of Directors

**Prabal Kr. Sarkar**

Partner

Membership Number 52340

Kolkata, 23<sup>rd</sup> May, 2014

**A. Guha Sarkar**

Company Secretary

**A. Khaitan**

Managing Director

**K. K. Baheti**

Wholetime Director & CFO



## Profit and Loss Statement for the year ended 31<sup>st</sup> March, 2014

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

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

The notes are an integral part of these Financial Statements

For **PRICE WATERHOUSE**

Firm Registration Number 301112E  
Chartered Accountants

For and on behalf of the Board of Directors

**Prabal Kr. Sarkar**

Partner

Membership Number 52340

Kolkata, 23<sup>rd</sup> May, 2014

**A. Guha Sarkar**

Company Secretary

**A. Khaitan**

Managing Director

**K. K. Baheti**

Wholetime Director & CFO



## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

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



## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

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

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

(b) Also refer Note 54 to the Financial Statements.

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

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

For **PRICE WATERHOUSE**

Firm Registration Number 301112E  
Chartered Accountants

For and on behalf of the Board of Directors

**Prabal Kr. Sarkar**

Partner

Membership Number 52340

Kolkata, 23<sup>rd</sup> May, 2014

**A. Guha Sarkar**

Company Secretary

**A. Khaitan**

Managing Director

**K. K. Baheti**

Wholtime Director & CFO

## Notes to Financial Statements

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Preparation

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

Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

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

#### 1.2 Tangible Assets

Tangible Assets are stated at acquisition cost or valuation net of accumulated depreciation and accumulated impairment losses, if any. Cost of extension planting is capitalised. An impairment loss is recognised wherever the carrying amount of the tangible assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### 1.3 Intangible Assets

Intangible assets are stated at acquisition cost net of accumulated amortisation and accumulated impairment losses, if any. An impairment loss is recognised whenever the carrying amount of the intangible assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### 1.4 Depreciation and Amortisation

Depreciation on straight line method is provided on book value of tangible Fixed Assets (other than Estate and Development and Freehold Land) in the manner and at rates as per Schedule XIV to the Companies Act, 1956. Items of fixed assets for which related actual cost do not exceed Rs.5000 are fully depreciated in the year of purchase.

Leasehold land is amortised over the period of lease.

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

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



## Notes to Financial Statements (Contd.)

### 1.5 Investments

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

### 1.6 Inventories

Inventories are valued as under :

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

### 1.7 Revenue Recognition

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

### 1.8 Employee Benefits

#### a. Short Term Employee Benefits:

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

#### b. Post Employment Benefit Plans:

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

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

#### c. Other Long-term Employee Benefits (Unfunded):

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

### 1.9 Borrowing Cost

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

### 1.10 Research and Development

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



## Notes to Financial Statements *(Contd.)*

### 1.11 Accounting for Taxes on Income

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

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

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

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

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

### 1.12 Transactions in Foreign Currencies

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

### 1.13 Derivative Instruments

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

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

### 1.14 Government Grants

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

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



## Notes to Financial Statements (Contd.)

### 2. SHARE CAPITAL

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

(a) Rights, preferences and restrictions attached to Shares

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

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

	Number of Equity Shares	Number of Equity Shares
	31st March 2014	31st March 2013
Kamal Baheti (Trustee of Borelli Tea Holdings Limited, U.K.)	27067500 (24.73%)	27067500 (24.73%)
Williamson Magor & Co. Limited	11649946 (10.64%)	11649946 (10.64%)
Williamson Financial Services Limited	5898725 (5.39%)	5898725 (5.39%)
CLSA (Mauritius) Limited	6594833 (6.03%)	6021166 (5.50%)

	31st March 2014	31st March 2013
(c) Aggregate number of Equity Shares allotted as fully paid up pursuant to Scheme of Arrangement/Schemes of Amalgamation without payment being received in cash (during five years immediately preceding the Balance Sheet date)	-	1118028

## Notes to Financial Statements *(Contd.)*

### 3. RESERVES AND SURPLUS

Rs. Lakhs

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

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

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

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



## Notes to Financial Statements (Contd.)

### 4. LONG-TERM BORROWINGS

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
<b>SECURED</b>		
<b>Term Loans from Banks</b>		
ICICI Bank Limited	-	1750.00
a) Nature of Security		
The above Term Loans are secured/to be secured by first pari passu charge on WM - Brand, first pari passu mortgage of certain tea estates and subservient mortgage of certain tea estates; and additionally secured by pledge of certain investments		
b) Rate of Interest		
Interest is payable on monthly basis at base rate plus 2.50% p.a. on above Term Loans		
HDFC Bank Limited	5000.00	-
a) Nature of Security		
The above Term Loan is secured by equitable mortgage of certain tea estates on an exclusive basis		
b) Rate of Interest		
Interest is payable on quarterly basis at base rate plus 0.50% p.a. on above Term Loan		
	<b>5000.00</b>	<b>1750.00</b>
<b>Terms of Repayment</b>		
i) Tranches of Term Loans from ICICI Bank Limited are repayable in :		
Nil (31.03.2013 - Twelve) equal monthly instalments	-	250.00
Nil (31.03.2013 - Twelve) equal monthly instalments	-	1500.00
ii) Tranches of Term Loan from HDFC Bank Limited is repayable in :		
Twelve (31.03.2013 - Nil ) equal quarterly instalments commencing from 10th October 2014	5000.00	-
	<b>5000.00</b>	<b>1750.00</b>

### 5. DEFERRED TAX LIABILITIES (NET)

	31st March 2014		31st March 2013	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
<b>A. Deferred Tax Liability</b>				
i) Difference between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws		8200.84		8279.49
<b>B. Deferred Tax Assets</b>				
i) Items allowed for tax purpose on payment	915.95		644.44	
ii) Provision for Doubtful Debts, Advances etc.	1272.18	2188.13	665.82	1310.26
<b>Net Deferred Tax Liabilities (A-B)</b>		<b>6012.71</b>		<b>6969.23</b>

### 6. LONG-TERM PROVISIONS

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
Provision for Employee Benefits (Refer Note 31)	3060.67	2853.21
	<b>3060.67</b>	<b>2853.21</b>

## Notes to Financial Statements *(Contd.)*

### 7. SHORT-TERM BORROWINGS

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
<b>Secured Loans repayable on demand from Banks</b>		
Cash Credit, Packing Credit and Demand Loans	13740.11	14276.39
Nature of Security		
The above loans are secured/to be secured by equitable first mortgage by way of deposit of title deeds of immovable properties of certain tea estates ranking pari passu with others; and hypothecation of tea crop, movable properties and book-debts, present and future of the Company		
	<b>13740.11</b>	<b>14276.39</b>

### 8. TRADE PAYABLES

Trade payables (Refer Note 42)	6614.08	7017.20
	<b>6614.08</b>	<b>7017.20</b>

### 9. OTHER CURRENT LIABILITIES

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

(a) There are no amounts due for payment to the Investor Education and Protection Fund as at the year end

### 10. SHORT-TERM PROVISIONS

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





## Notes to Financial Statements (Contd.)

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

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

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

## Notes to Financial Statements (Contd.)

### 11. TANGIBLE ASSETS (contd...)

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

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

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

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



## Notes to Financial Statements (Contd.)

### 13. NON - CURRENT INVESTMENTS

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

## Notes to Financial Statements *(Contd.)*

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

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



## Notes to Financial Statements (Contd.)

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

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

### 14. LONG-TERM LOANS AND ADVANCES

(Unsecured - considered good unless otherwise stated)		
Capital Advances	461.61	699.14
Security Deposits:		
Considered good	1434.82	1256.90
Considered doubtful	26.25	26.25
Less: Allowance for Doubtful Security Deposits	(26.25)	(26.25)
Deposits with National Bank for Agriculture and Rural Development	15173.19	12938.67
Other Loans and Advances		
MAT Credit Entitlement	4495.06	2582.51
Prepaid Expenses	446.15	384.12
Advances to Suppliers, Service Providers etc.	1217.20	1217.20
Less : Provision for Bad and Doubtful Advances (Refer Note 51)	(1217.20)	(1217.20)
Loans to Others	850.00	850.00
Less : Provision for Bad and Doubtful Loans (Refer Note 51)	(850.00)	(850.00)
Loans to Employees	25.96	23.19
Loans to Related Parties (Key Management Personnel) (a)	-	1.93
	<b>22036.79</b>	<b>17886.46</b>

(a) Such loans to key managerial personnel who are directors were originally initiated as advances to employees in the books of Eveready Industries India Limited, taken over in terms of a Scheme of Arrangement in 2004-05.



## Notes to Financial Statements *(Contd.)*

### 15. OTHER NON-CURRENT ASSETS

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

(a) For issuing Bank Guarantee

### 16. INVENTORIES

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

### 17. TRADE RECEIVABLES

Debts outstanding for a period exceeding six months from the date they are due for payment -		
Secured		
- Considered Good	350.00	350.00
Unsecured		
- Considered Good	4.63	—
- Considered Doubtful	340.90	394.08
Less: Provision for Doubtful Debts	(340.90)	(394.08)
Other Debts -		
Unsecured		
- Considered Good	2468.66	1272.76
	<b>2823.29</b>	<b>1622.76</b>

### 18. CASH AND BANK BALANCES

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

\* Earmarked for payment of unclaimed dividend

(a) Margin Money Deposit kept with bank for issuing guarantee in favour of Third party has been disclosed under Other Non-Current Assets (Refer Note 15)



## Notes to Financial Statements (Contd.)

### 19. SHORT-TERM LOANS AND ADVANCES

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
(Unsecured - considered good unless otherwise stated)		
Loans to Related Parties		
- Subsidiary	800.00	2600.00
- Key Managerial Personnel (a)	1.93	2.40
Loans to Others		
Considered Good	328.00	408.00
Considered Doubtful	248.00	248.00
Less: Provision for Bad and Doubtful Loans	(248.00)	(248.00)
Deposits with National Bank for Agriculture and Rural Development	4000.00	4000.00
Other Loans and Advances		
MAT Credit Entitlement	233.54	1058.56
Advance Tax - Agricultural Income Tax [Net of Provision Rs.16831.18 lakhs (31.03.2013 - Rs.15855.12 lakhs)]	3896.44	2654.17
Prepaid Expenses	946.52	750.43
Balance with Excise Authorities	12.89	11.33
Advance for Employee Benefits	1579.55	790.44
Advance to Employees	661.01	571.08
Advances to Suppliers, Service Providers etc.		
Considered Good	1731.84	2607.32
Considered Doubtful	103.69	103.69
Less: Provision for Bad and Doubtful Advances	(103.69)	(103.69)
Loans to Employees	85.56	101.86
Deposit with Government Authorities		
Claim Receivable	114.36	130.37
Tax payment under protest (Refer Note 39)	700.00	700.00
	<b>15091.64</b>	<b>16385.96</b>

(a) Such loans to key managerial personnel who are directors were originally initiated as advances to employees in the books of Eveready Industries India Limited taken over in terms of a Scheme of Arrangement in 2004-05.

### 20. OTHER CURRENT ASSETS

(Unsecured - considered good unless otherwise stated)		
Interest Accrued on Loans and Deposits		
Considered good	1378.17	1126.05
Considered Doubtful	173.35	173.35
Less: Provision for Doubtful Interest Receivable	(173.35)	(173.35)
Subsidies receivable from Government	1662.54	1628.78
Compensation receivable from Government	49.89	77.79
Accrued duty exemption benefits pertaining to exports	1626.35	1883.71
	<b>4716.95</b>	<b>4716.33</b>

## Notes to Financial Statements *(Contd.)*

### 21. REVENUE FROM OPERATIONS

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

### 22. OTHER INCOME

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

### 23. COST OF MATERIALS CONSUMED

Green Leaf (purchased and consumed)		22960.25		19731.38
		<b>22960.25</b>		<b>19731.38</b>

### 24. CHANGES IN INVENTORIES OF FINISHED GOODS

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

### 25. EMPLOYEE BENEFITS EXPENSE

Salaries and Wages		42025.93		37777.75
Contribution to Provident and Other Funds		4632.54		4955.26
Labour and Staff Welfare		5535.69		5180.51
		<b>52194.16</b>		<b>47913.52</b>



## Notes to Financial Statements (Contd.)

### 26. FINANCE COSTS

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

### 27. DEPRECIATION AND AMORTISATION EXPENSE

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

### 28. OTHER EXPENSES

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

## Notes to Financial Statements *(Contd.)*

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

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

### 30. Employee Benefits :

#### I. Post Employment Defined Contribution Plans:

During the year an amount of Rs.3900.82 lakhs (31st March 2013 - Rs.3602.80 lakhs) has been recognised as expenditure towards Defined Contribution plans of the Company.

#### II. Post Employment Defined Benefit Plans:

##### a) Gratuity (Funded)

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

##### b) Superannuation (Funded)

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

##### c) Staff Pension – Type A (Funded)

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

##### d) Staff Pension – Type B (Unfunded)

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

##### e) Medical Insurance Premium Reimbursement (Unfunded)

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

##### f) Expatriate Pension (Unfunded)

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





## Notes to Financial Statements (Contd.)

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

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

## Notes to Financial Statements *(Contd.)*

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



## Notes to Financial Statements (Contd.)

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

## Notes to Financial Statements (Contd.)

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

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



## Notes to Financial Statements (Contd.)

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

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

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

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

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

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

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

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



## Notes to Financial Statements (Contd.)

Rs. Lakhs

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

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

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

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

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

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

NA : Not Applicable



## Notes to Financial Statements (Contd.)

### g) Provident Fund:

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

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

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Project Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Company as at the balance sheet date. Further during the year, the Company's contribution of Rs.282.70 lakhs (31st March 2013 – Rs.284.90 lakhs) to the Provident Fund Trust has been expensed under the "Contribution to Provident and Other Funds". Disclosures given hereunder are restricted to the information available as per the Actuary's report.

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

### 31 Classification of Provision/Advance for Employee Benefits

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

## Notes to Financial Statements (Contd.)

### 32. Contingent Liabilities

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

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

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

### 33. TAXATION

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

### 34. COMMITMENTS

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

### 35. BUSINESS SEGMENT

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

Geographical (Secondary) Segments

The geographical segments have been identified as follows :

- a) Sales revenue of Tea by geographical market:

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



## Notes to Financial Statements (Contd.)

b) Assets by geographical market:

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

c) Capital Expenditure by geographical market :

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

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

a) List of Related Parties

Where control exists:

- Subsidiaries :
  - Borelli Tea Holdings Limited (BTHL)
  - Phu Ben Tea Company Limited (PBTCL)
  - Rwenzori Tea Investments Limited (RTI)
  - McLeod Russel Uganda Limited (MRUL)
  - Gisovu Tea Company Limited (GTCL)
  - McLeod Russel Middle East DMCC (MRME)
  - McLeod Russel Africa Limited (MRAL) (w.e.f. 20th May 2013)

Others:

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

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

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

## Notes to Financial Statements *(Contd.)*

### b) Transactions/Balances with Subsidiary

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

### c) Transactions/Balances with Associate

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

### d) Transactions/Balances with Key Management Personnel

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





## Notes to Financial Statements (Contd.)

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

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

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

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

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

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

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

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

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

## Notes to Financial Statements *(Contd.)*

- 39.** In connection with an overseas acquisition of a subsidiary in 2005, the Income Tax authority had raised a demand of Rs.5278 lakhs during the year 2009-10 on the Company on account of alleged non-deduction of tax at source and interest thereon pertaining to the transaction. The Company challenged the said demand before the appropriate authorities and the matter is pending. Further, the Company has obtained a stay against the said demand from the Hon'ble High Court of Calcutta. The Company deposited Rs.700.00 lakhs during the year 2011-12 with Income Tax Authority under protest (Refer Note 19). In any event, as per the related Share Purchase Agreement, Capital Gain tax or other tax, if any, relating to sale of shares etc. is to be borne by the seller and not the Company.

### 40. Earnings per Equity Share :

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

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

### 43. Auditors' Remuneration :

(Included in Miscellaneous Expenses under Note 28)

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

### 44. Value of Imports calculated on CIF Basis

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



## Notes to Financial Statements (Contd.)

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

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

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

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

### 47. Expenditure in Foreign Currency

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

### 48. Amount Remitted in Foreign Currency on account of :

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

### 49. Proposed Dividend

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

## Notes to Financial Statements (Contd.)

### 50. Earning in Foreign Exchange

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

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

### 52. Derivative Investments and Unhedged Foreign Currency Exposure

a) Derivatives outstanding as at the reporting date:-

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

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

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

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



## Notes to Financial Statements (Contd.)

### 53. Exceptional Item comprises

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

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

Signatures to Notes 1 to 54.

For **PRICE WATERHOUSE**

Firm Registration Number 301112E  
Chartered Accountants

For and on behalf of the Board of Directors

**Prabal Kr. Sarkar**

Partner

Membership Number 52340

Kolkata, 23<sup>rd</sup> May, 2014

**A. Guha Sarkar**

Company Secretary

**A. Khaitan**

Managing Director

**K. K. Baheti**

Wholetime Director & CFO



## Independent Auditors' Report

### To the Board of Directors of McLeod Russel India Limited

1. We have audited the accompanying consolidated financial statements (the "Consolidated Financial Statements") of McLeod Russel India Limited ("the Company") and its subsidiaries and associate company; hereinafter referred to as the "Group" (refer Note 29 to the attached consolidated financial statements) which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information which we have signed under reference to this report.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditors' Responsibility

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

### Opinion

6. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 – Consolidated Financial Statements and Accounting Standard (AS) 23 – Accounting for Investments in Associates in Consolidated Financial Statements notified under the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.



7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components of the Group as referred to in paragraph 8 below, and to the best of our information and according to the explanations given to us, in our opinion, the accompanying consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
  - (b) in the case of the consolidated Profit and Loss Statement, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**Other Matter**

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

**For Price Waterhouse**

Firm Registration Number: 301112E

*Chartered Accountants*

**Prabal Kr. Sarkar**

*Partner*

Membership Number :52340

Kolkata

May 23, 2014

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014

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

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

The notes are an integral part of these Financial Statements

For **PRICE WATERHOUSE**

Firm Registration Number 301112E  
Chartered Accountants

For and on behalf of the Board of Directors

**Prabal Kr. Sarkar**  
Partner  
Membership Number 52340  
Kolkata, 23<sup>rd</sup> May, 2014

**A. Guha Sarkar**  
Company Secretary

**A. Khaitan**  
Managing Director

**K. K. Baheti**  
Wholetime Director & CFO



## Consolidated Profit and Loss Statement for the year ended 31<sup>st</sup> March, 2014

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

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

The notes are an integral part of these Financial Statements

For **PRICE WATERHOUSE**

Firm Registration Number 301112E  
Chartered Accountants

For and on behalf of the Board of Directors

**Prabal Kr. Sarkar**

Partner

Membership Number 52340

Kolkata, 23<sup>rd</sup> May, 2014

**A. Guha Sarkar**

Company Secretary

**A. Khaitan**

Managing Director

**K. K. Baheti**

Wholetime Director & CFO

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

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



## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014

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

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

(b) Also refer Note 47 to the Consolidated Financial Statements.

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

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

For **PRICE WATERHOUSE**

Firm Registration Number 301112E  
Chartered Accountants

For and on behalf of the Board of Directors

**Prabal Kr. Sarkar**

Partner

Membership Number 52340

Kolkata, 23<sup>rd</sup> May, 2014

**A. Guha Sarkar**

Company Secretary

**A. Khaitan**

Managing Director

**K. K. Baheti**

Wholetime Director & CFO



## Notes to consolidated Financial Statements

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Basis of Preparation

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

Pursuant to circular 15/2013 dated 13.09.2013 read with circular 08/2014 dated 04.04.2014, till the Standards of Accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956

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

#### 1.2 Tangible Assets

Tangible Assets are stated at acquisition cost or valuation net of accumulated depreciation and accumulated impairment losses, if any. Cost of extension planting is capitalised. An impairment loss is recognised wherever the carrying amount of the tangible assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### 1.3 Intangible Assets

Intangible assets are stated at acquisition cost net of accumulated amortisation and accumulated impairment losses, if any. An impairment loss is recognised whenever the carrying amount of the intangible assets of a cash generating unit exceeds its net selling price or value in use, whichever is higher. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

#### 1.4 Depreciation and Amortisation

Depreciation on straight line method is provided on book value of Tangible Fixed Assets (other than Estate and Development and Freehold Land) in the manner and at rates as per Schedule XIV to the Companies Act, 1956 of India (the Act). Items of fixed assets for which related actual cost do not exceed Rs.5000 are fully depreciated in the year of purchase.

Leasehold land is amortised over the period of lease.

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

	Years
Buildings	20-40, 5-50
Plant and Equipment	12, 5-20
Estate and Development	33-33
Furniture and Fixtures	5-8, 3-5, 2-4
Vehicles	5-10, 4
Computer	4
Office Equipment	5-8

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



## Notes to consolidated Financial Statements (Contd.)

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

### 1.5 Investments

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

### 1.6 Inventories

Inventories are valued as under :

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

### 1.7 Revenue Recognition

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

### 1.8 Employee Benefits

#### a. Short Term Employee Benefits:

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

#### b. Post Employment Benefit Plans:

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

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

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

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

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

### 1.9 Borrowing Cost

Interest and other costs in connection with the borrowing of funds by the Group are recognised as an expense

## Notes to consolidated Financial Statements *(Contd.)*

in the period in which they are incurred unless these are attributable to the acquisition and construction of qualifying assets and added to the cost up to the date when such assets are ready for their intended use.

### **1.10 Research and Development**

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

### **1.11 Accounting for Taxes on Income**

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

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

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

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

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

### **1.12 Transactions in Foreign Currencies**

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

### **1.13 Derivative Instruments**

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

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

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



## Notes to consolidated Financial Statements (Contd.)

### 1.14 Government Grants

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

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

### 1.15 Consolidation

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

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

## 2. SHARE CAPITAL

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
<b>Authorised</b>		
12,00,00,000 (31.03.13 - 12,00,00,000) Equity Shares of Rs.5/- each	6000.00	6000.00
<b>Issued, subscribed and paid-up</b>		
10,94,55,735 (31.03.13 -10,94,55,735) Equity Shares of Rs.5/- each fully paid up	5472.79	5472.79
	<b>5472.79</b>	<b>5472.79</b>
(a) Aggregate number of Equity Shares allotted as fully paid up pursuant to Scheme of Arrangement/Schemes of Amalgamation without payment being received in cash (during five years immediately preceding the Balance Sheet date)	-	1118028

## Notes to consolidated Financial Statements (Contd.)

### 3. RESERVES AND SURPLUS

Rs. Lakhs

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

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

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

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



## Notes to consolidated Financial Statements (Contd.)

### 4. LONG-TERM BORROWINGS

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

### 5. DEFERRED TAX LIABILITIES (NET)

	31st March 2014		31st March 2013	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
<b>A. Deferred Tax Liability</b>				
i) Difference between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws		9863.62		9543.74
<b>B. Deferred Tax Assets</b>				
i) Items allowed for tax purpose on payment	1135.44		644.44	
ii) Provision for Doubtful Debts, Advances etc.	1283.79	2419.23	665.82	1310.26
<b>Net Deferred Tax Liabilities (A-B) [Refer (c) below]</b>		<b>7444.39</b>		<b>8233.48</b>

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

### 6. LONG-TERM PROVISIONS

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
Provision for Employee Benefits [Refer Note 31 (j)]	3066.56	2903.71
	<b>3066.56</b>	<b>2903.71</b>

### 7. SHORT-TERM BORROWINGS

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
Secured Loans repayable on demand from Banks		
Cash Credit, Packing Credit and Demand Loans	16203.32	14276.39
	<b>16203.32</b>	<b>14276.39</b>

### 8. TRADE PAYABLES

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
Trade payables	7277.63	7638.82
	<b>7277.63</b>	<b>7638.82</b>



## Notes to consolidated Financial Statements *(Contd.)*

### 9. OTHER CURRENT LIABILITIES

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

a) There are no amounts due for payment to the Investor Education and Protection Fund as at the year end

### 10. SHORT-TERM PROVISIONS

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



## Notes to consolidated Financial Statements (Contd.)

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

a) Includes Capital Subsidy in respect of following Tangible Assets

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

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

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

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

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

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

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

## Notes to consolidated Financial Statements (Contd.)

### 11. TANGIBLE ASSETS (contd...)

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

### 12. INTANGIBLE ASSETS

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

a) The above comprise :

- Trade Mark (Brand - WM logo) of Rs. 5000.00 lakhs (31.03.13 - Rs. 5000 lakhs) acquired by the Parent Company which is being amortised over a working life of 20 years on prudent basis based on the valuation obtained by the management, considering the factors like effective life/utility; and
  - Other Trade Marks of Rs. 960.24 lakhs (31.03.13 - Rs. 2340.45 lakhs) acquired by a subsidiary, which are being amortised over the expected economic lives of 5 to 20 years.
- Computer Software is being amortised under straight line method over 5 years.
  - Net of foreign exchange adjustment of Rs. 1073.47 lakhs (31.03.13 - Rs. 130.48 lakhs)
  - Net of foreign exchange adjustment of Rs. 76.59 lakhs (31.03.13 - Rs. 97.52 lakhs)



## Notes to consolidated Financial Statements (Contd.)

### 13. NON - CURRENT INVESTMENTS

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

## Notes to consolidated Financial Statements *(Contd.)*

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

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

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



## Notes to consolidated Financial Statements (Contd.)

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

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

### 14. LONG-TERM LOANS AND ADVANCES

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
(Unsecured-considered good unless otherwise stated)		
Capital Advances		
Considered Good	470.37	739.24
Considered Doubtful	40.93	-
Less: Allowance for Doubtful Capital Advances	(40.93)	-
Security Deposits;		
Considered Good	1434.82	1256.90
Considered Doubtful	26.25	26.25
Less: Allowance for Doubtful Security Deposits	(26.25)	(26.25)
Deposits with National Bank for Agriculture and Rural Development	15173.19	12938.67
Other Loans and Advances		
MAT Credit Entitlement	4495.06	2582.51
Prepaid Expenses	521.19	384.12
Advances to Suppliers, Service Providers etc.	1217.20	1217.20
Less : Provision for Bad and Doubtful Advances (Refer Note 45)	(1217.20)	(1217.20)
Loans to Others	850.00	850.00
Less : Provision for Bad and Doubtful Loans (Refer Note 45)	(850.00)	(850.00)
Loans to Employees	40.35	37.08
Loans to Related Parties (Key Management Personnel) (a)	1029.43	1.93
	<b>23164.41</b>	<b>17940.45</b>

(a) Such loans to key managerial personnel who are directors of the Parent Company were originally initiated as advances to employees in the books of Eveready Industries India Limited, taken over in terms of a Scheme of Arrangement in 2004-05.



## Notes to consolidated Financial Statements (Contd.)

### 15. OTHER NON-CURRENT ASSETS

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
Book value of Investments held through Trust - 2,70,67,500 (31.03.13 - 2,70,67,500) Equity Shares of Rs.5/- each in the Parent Company pursuant to a Scheme of Arrangement and a Scheme of Amalgamation given effect to in earlier years	892.79	892.79
Margin Money Deposit with bank (a)	14.70	13.98
Other Long Term Receivable		
From Sale of Tea Estates	180.82	198.76
Receivables from Tea Growers	414.64	389.74
Interest accrued on Loans and Deposits	2284.22	2284.22
Less : Provision for Bad and Doubtful Accrued Interest (Refer Note 45)	(2284.22)	(2284.22)
	<b>1502.95</b>	<b>1495.27</b>

(a) For issuing Bank Guarantee

### 16. INVENTORIES

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

### 17. TRADE RECEIVABLES

Debts outstanding for a period exceeding six months from the date they are due for payment -		
Secured		
- Considered Good	350.00	350.00
Unsecured		
- Considered Good	405.15	690.49
- Considered Doubtful	340.90	394.08
Less: Provision for Doubtful Debts	(340.90)	(394.08)
Other Debts		
Unsecured		
- Considered Good	3932.34	3017.05
	<b>4687.49</b>	<b>4057.54</b>

### 18. CASH AND BANK BALANCES

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

\* Earmarked for payment of unclaimed dividend

(a) Margin Money Deposit kept with bank for issuing guarantee in favour of Third party has been disclosed under Other Non-Current Assets (Refer Note 15)



## Notes to consolidated Financial Statements (Contd.)

### 19. SHORT-TERM LOANS AND ADVANCES

	31st March 2014	31st March 2013
	Rs. Lakhs	Rs. Lakhs
(Unsecured - considered good unless otherwise stated) –		
Loans to Related Parties		
- Subsidiary	33.59	-
- Key Managerial Personnel (a)	272.20	249.81
Loans to Others		
Considered Good	328.00	418.18
Considered Doubtful	248.00	248.00
Less: Provision for bad and Doubtful Loans	(248.00)	(248.00)
Deposits with National Bank for Agriculture and Rural Development	4000.00	4000.00
Other Loans and Advances		
MAT Credit Entitlement	233.54	1058.56
Advance Tax (Net of Provision)	3896.44	2654.17
Prepaid Expenses	1011.07	785.68
Balance with Excise Authorities	67.99	11.33
Advance for Employee Benefits	1584.25	794.95
Advance to Employees	700.57	586.77
Advance to Suppliers, Service Providers etc.		
Considered Good	2365.36	3268.52
Considered Doubtful	103.69	103.88
Less: Provision for bad and Doubtful Advances	(103.69)	(103.88)
Loans to Employees	107.88	101.86
Deposit with Government Authorities	67.45	55.00
Claim Receivable	600.66	461.91
Tax payment under protest (Refer Note 37)	700.00	700.00
	<b>15969.00</b>	<b>15146.74</b>

(a) Such loans to key managerial personnel who are directors were originally initiated as advances to employees in the books of Eveready Industries India Limited taken over in terms of a Scheme of Arrangement in 2004-05.

### 20. OTHER CURRENT ASSETS

(Unsecured-considered good unless otherwise stated)		
Interest Accrued on Loans and Deposits		
Considered Good	1173.58	932.61
Considered Doubtful	173.35	173.35
Less: Provision for Doubtful Interest Receivable	(173.35)	(173.35)
Subsidies receivable from Government	1662.54	1631.92
Compensation receivable from Government	64.47	77.79
Accrued duty exemption benefits pertaining to exports	1626.35	1883.71
	<b>4526.94</b>	<b>4526.03</b>

## Notes to consolidated Financial Statements (Contd.)

### 21. REVENUE FROM OPERATIONS

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

### 22. OTHER INCOME

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

### 23. COST OF MATERIALS CONSUMED

Green Leaf (purchased and consumed)		29079.53		23795.19
		<b>29079.53</b>		<b>23795.19</b>

### 24. CHANGES IN INVENTORIES OF FINISHED GOODS

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

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

### 25. EMPLOYEE BENEFITS EXPENSE

Salaries and Wages		46894.51		41358.79
Contribution to Provident and Other Funds		5141.12		5606.24
Labour and Staff Welfare		6344.94		5653.73
		<b>58380.57</b>		<b>52618.76</b>



## Notes to consolidated Financial Statements (Contd.)

### 26. FINANCE COSTS

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

### 27. DEPRECIATION AND AMORTISATION

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

### 28. OTHER EXPENSES

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

## Notes to consolidated Financial Statements *(Contd.)*

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

Name of the Company	Country of Incorporation	Proportion of Ownership Interest as at 31st March		Reporting Date
		2014	2013	
Subsidiaries				
i) Borelli Tea Holdings Limited (BTHL)	United Kingdom	100%	100%	31st March
ii) Phu Ben Tea Company Limited (Phu Ben)	Vietnam	100%	100%	31st December
iii) Rwenzori Tea Investments Limited (RTIL)	Uganda	100%	100%	31st December
iv) Mcleod Russel Uganda Limited (MRUL)	Uganda	100%	100%	31st December
v) Gisovu Tea Company Limited (GTCL)	Rwanda	60%	60%	31st December
vi) McLeod Russel Middle East DMCC (MRME)	United Arab Emirates	100%	100%	31st December
vii) McLeod Russel Africa Limited (MRAL)	Kenya	100%	—	31st December

- (b) During the year the Group has formed a subsidiary MRAL on 20th May, 2013 through its another subsidiary BTHL.

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

Associate	Country of Incorporation	Proportion of ownership interest	
		As at 31st March, 2014	As at 31st March, 2013
D1 Williamson Magor Bio Fuel Limited	India	34.30%	34.30%

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

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

### 31. Employee Benefits :

#### I. Post Employment Defined Contribution Plans:

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



## Notes to consolidated Financial Statements (Contd.)

### II. Post Employment Defined Benefit Plans:

#### (a) Gratuity (Funded)

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

#### (b) Superannuation (Funded)

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

#### (c) Staff Pension – Type A (Funded)

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

#### (d) Staff Pension – Type B (Unfunded)

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

#### (e) Medical Insurance Premium Reimbursement (Unfunded)

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

#### (f) Expatriate Pension (Unfunded)

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



## Notes to consolidated Financial Statements *(Contd.)*

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

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



## Notes to consolidated Financial Statements (Contd.)

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

## Notes to consolidated Financial Statements (Contd.)

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



## Notes to consolidated Financial Statements (Contd.)

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

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

## Notes to consolidated Financial Statements (Contd.)

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

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

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

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

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

Rs. Lakhs

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

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

Rs. Lakhs

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



## Notes to consolidated Financial Statements (Contd.)

Rs. Lakhs

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

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

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

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

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

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

NA : Not Applicable



## Notes to consolidated Financial Statements *(Contd.)*

### (g) **Provident Fund:**

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

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

The Actuary has carried out actuarial valuation of plan's liabilities and interest rate guarantee obligations as at the balance sheet date using Project Unit Credit Method and Deterministic Approach as outlined in the Guidance Note 29 issued by the Institute of Actuaries of India. Based on such valuation, there is no future anticipated shortfall with regard to interest rate obligation of the Parent Company as at the balance sheet date. Further during the year, the Parent Company's contribution of Rs. 282.70 lakhs (31st March 2013 – Rs.284.90 lakhs) to the Provident Fund Trust has been expensed under the "Contribution to Provident and Other Funds". Disclosures given hereunder are restricted to the information available as per the Actuary's report.

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

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

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

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

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



## Notes to consolidated Financial Statements (Contd.)

### (j) Classification of Provision/Advance for Employee Benefits

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

### 32. Contingent Liabilities

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

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

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

### 33. TAXATION

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

### 34. COMMITMENTS

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

## Notes to consolidated Financial Statements *(Contd.)*

### 35. SEGMENT INFORMATION

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

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

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



## Notes to consolidated Financial Statements (Contd.)

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

The Group does not have any Secondary Segment

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

#### a) List of Related Parties

##### I. Key Management Personnel (of the Parent Company)

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

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

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

##### III. Others:

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

## Notes to consolidated Financial Statements (Contd.)

### b) Transactions/Balances with Key Management Personnel

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

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

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

### d) Transactions/Balances with Associate

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

37. In connection with an overseas acquisition of a subsidiary in 2005, the Income Tax authority had raised a demand of Rs.5278 lakhs during the year 2009-10 on the Parent Company on account of alleged non-deduction of tax at source and interest thereon pertaining to the transaction. The Parent Company challenged the said demand before the appropriate authorities and the matter is pending. Further, the Parent Company has obtained a stay against the said demand from the Hon'ble High Court of Calcutta. The Parent Company deposited Rs.700.00 lakhs during the year 2011-12 with Income Tax Authority under protest (Refer Note 19). In any event, as per the related Share Purchase Agreement, Capital Gain tax or other tax, if any, relating to sale of shares etc. is to be borne by the seller and not the Parent Company.



## Notes to consolidated Financial Statements (Contd.)

### 38. Earnings per Equity Share :

	Year ended 31st March 2014	Year ended 31st March 2013
a] Numerator used:		
Profit after Taxation and Minority Interest (Rs. Lakhs)	25715.25	27393.03
b] Denominator used		
Weighted Average Number of Equity Shares	10,94,55,735	10,94,55,735
c] Face Value of Equity Shares - Rs.	5	5
d] Dilutive Potential Equity Shares	-	-
e] Earnings per Share [Basic and Diluted] – Rs.	23.49	25.03

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

40. Adjustment on account of dividend comprises :

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

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

### 41. Lease Commitments:

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

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

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

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

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

	Year ended 31st March 2014	Year ended 31st March 2013
	Rs. Lakhs	Rs. Lakhs
<b>Income and Expenditure</b>		
Depreciation/Amortisation	1363.57	1048.32



## Notes to consolidated Financial Statements *(Contd.)*

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

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

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

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

### 44. Exceptional Item comprises

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

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

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

a) Derivatives outstanding as at the reporting date:-

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



## Notes to consolidated Financial Statements (Contd.)

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

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

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

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

Signatures to Notes 1 to 47.

For **PRICE WATERHOUSE**

Firm Registration Number 301112E

Chartered Accountants

For and on behalf of the Board of Directors

**Prabal Kr. Sarkar**

Partner

Membership Number 52340

Kolkata, 23<sup>rd</sup> May, 2014

**A. Guha Sarkar**

Company Secretary

**A. Khaitan**

Managing Director

**K. K. Baheti**

Wholetime Director & CFO

## Statement containing financial information of Subsidiary Companies

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

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

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

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

## Particulars of Tea Estates

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



## Particulars of Tea Estates (Contd.)

### Area Under Tea

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

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

## Notes



**McLEOD RUSSEL**

*Believe in tea*





A MEMBER OF WILLIAMSON MAGOR GROUP

A TRISYS PRODUCT • [info@trisyscom.com](mailto:info@trisyscom.com)

**McLEOD RUSSEL INDIA LIMITED**

Corporate Identity Number (CIN):L51109WB1998PLC087076

Registered Office: Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata - 700001.

TEL : 033-2210-1221, 2248-9434/35 FAX : 91-33-2248-3683, 2248-8114

E-Mail: administrator@mcleodrussel.com Website: www.mcleodrussel.com

**Folio No./DP. Id./Client Id:**

Name:

Address:

Joint Holder(s):

No. of shares held:

**Dear Member,****Sub: Voting through electronic means**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, McLeod Russel India Limited ("MRIL" or "the Company") is offering e-voting facility to its Members in respect of the businesses to be transacted at the Sixteenth Annual General Meeting scheduled to be held on Wednesday, 23rd July 2014 at 11.00 a.m.

The Company has engaged the services of Central Depository Services (India) Limited ("CDSL") to provide e-voting facilities. The e-voting particulars are set out below:

**ELECTRONIC VOTING PARTICULARS**

<b>EVS (E-voting Sequence Number)</b>	<b>USER ID (16 Digit Demat Account/Folio No. of members holding shares in physical mode)</b>	<b>PERMANENT ACCOUNT NUMBER (PAN) (Original PAN / as per point no. 1 - (vii) of e-voting procedure of Instructions)</b>
140616011		

The e-voting facility will be available during the following voting period:

Commencement of e-voting : From 10.00 a.m. (IST) on 17th July 2014

End of e-voting : Up to 10.00 a.m. (IST) on 20th July 2014

Please read the instructions printed overleaf before exercising the vote. This Communication forms an integral part of the Notice dated 23rd May 2014 for the Sixteenth Annual General Meeting scheduled to be held on 23rd July 2014. A copy of the said Notice is sent herewith. Attention is invited to the statement on the accompanying Notice that the businesses of the Meeting may be transaction through electronic voting system and that the Company is providing facility for voting by electronic means.

The Notice of the Annual General Meeting and this Communication are also available on the website of the Company at [www.mcleodrussel.com](http://www.mcleodrussel.com)

Kolkata  
23rd May 2014

Yours faithfully,  
**McLeod Russel India Limited**  
**A.Guha Sarkar**  
**Vice President & Company Secretary**

**Instruction and other information relating to e-voting are as under:****1. In case of Members receiving e-mail:**

- Log on to the e-voting website : [www.evotingindia.com](http://www.evotingindia.com)
- Click on "Shareholders" tab.
- Now, select the "**McLeod Russel India Limited**" from the drop down menu and click on "SUBMIT"
- Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID,
  - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password may be used.

P.T.O.

(vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field – excluding special character and space. (viz., if your name is Ramesh Kumar with sequence number 00000001 then enter RA00000001 in the PAN field. – Sequence Number is communicated in the Attendance Slip.)</li> </ul>
DOB	Enter the Date of Birth as recorded in your Demat account or in the company records for the said Demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your Demat account or in the company records for the said Demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter your DP. Id. together with Client Id. or Registered Folio number in the Dividend Bank details field.</li> </ul>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN for the relevant <McLeod Russel India Limited> on which you choose to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) (a) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

(b) They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

(c) After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

(d) The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

(e) They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(xix) **In case of Members receiving the physical copy:**

(a) Please follow all steps from sl. no. (i) to sl. no. (xviii) above to cast vote.

(b) The voting period begins on 17th July 2014 from 10.00 a.m. (IST) and ends on 20th July 2014 up to 10.00 a.m. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

2 Institutional Members / Bodies Corporate (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote through e-mail at [scrutinizeraklabh@gmail.com](mailto:scrutinizeraklabh@gmail.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) on or before 20th July 2014 up to 10.00 a.m. without which the vote shall not be treated as valid.

3. In case you have any queries or issues regarding e-voting, please contact the Company or Registrar & Share Transfer Agent or send mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or [investors@mcleodrusel.com](mailto:investors@mcleodrusel.com) or [mdpl@cal.vsnl.net.in](mailto:mdpl@cal.vsnl.net.in).

4. The voting rights of shareholders shall be in proportion to their share of the paid up equity share capital of the Company.

5. E-voting period will commence from 17th July 2014 at 10:00 a.m. and will end on 20th July 2014 at 10.00 a.m.

6. Mr. A. K. Labh, Practicing Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner, whose e-mail address is [aklabhcs@gmail.com](mailto:aklabhcs@gmail.com).

7. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

8. The Results shall be declared on or after the date of AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.mcleodrusel.com](http://www.mcleodrusel.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company.

**McLeod Russel India Limited**

CIN:L51109WB1998PLC087076

Registered Office: Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata-700001

**McLEOD RUSSEL**  
*Believe in tea***ATTENDANCE SLIP**  
SIXTEENTH ANNUAL  
GENERAL MEETING  
on Wednesday,  
**23rd July, 2014**  
at 11.00 a.m.  
at **Kala Mandir**  
48 Shakespeare Sarani  
Kolkata - 700017

Folio No/Client ID &amp; DP Id:

- A member/proxy wishing to attend the Meeting must complete this Attendance Slip before coming to the Meeting and hand it over at the entrance.
- If you intend to appoint a proxy, please complete the Proxy Form and deposit it at the Company's Registered Office, at least 48 hours before the Meeting.
- Please bring your copy of the Annual Report to the Meeting.

I record my presence at the  
**Sixteenth Annual General Meeting**\_\_\_\_\_  
Name of Proxy in BLOCK LETTERS  
(If the Proxy attends instead of the Member)\_\_\_\_\_  
Signature of Member/Proxy**Form No. MGT-11**  
**Proxy Form**[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3)  
of the Companies (Management and Administration) Rules, 2014]

CIN:L51109WB1998PLC087076

Name of the Company: **McLeod Russel India Limited**

Registered Office: Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata-700001

Name of the Member(s):

Registered address:

E-mail Id:

Folio No./Client Id &amp; DP. Id:

I/We, being the Member(s) of .....shares of the above named Company, hereby appoint

1. Name:.....  
Address:.....  
  
E-mail Id:.....  
Signature:....., or failing him
2. Name:.....  
Address:.....  
  
E-mail Id:.....  
Signature:....., or failing him
3. Name:.....  
Address:.....  
  
E-mail Id:.....  
Signature:.....

P.T.O.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 16th Annual General Meeting of the Company, to be held on Wednesday, the 23rd July 2014 at 11.00 a.m. at Kala Mandir Auditorium, 48 Shakespeare Sarani, Kolkata-700017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Nos.

- |  |   |
|--|---|
| 1. Adoption of Audited Financial Statements of the Company for the Financial Year ended 31st March 2014 together with the Report of the Board of Directors and Auditors thereon. | 9. Appointment of Mr. Bharat Bajoria as an Independent Director of the Company.   |
| 2. Declaration of dividend for the Financial Year ended 31st March 2014.   | 10. Appointment of Mr. Ranabir Sen as an Independent Director of the Company.   |
| 3. Appointment of a Director in place of Mr. Deepak Khaitan who retires by rotation and being eligible, offers himself for re-appointment.                                       | 11. Re-Appointment of Mr. Aditya Khaitan as the Managing Director for three years with effect from 1st April 2014.  |
| 4. Appointment of a Director in place of Mr. Azam Monem who retires by rotation and being eligible, offers himself for re-appointment.   | 12. Re-Appointment of Mr. Rajeev Takru as a Wholetime Director for three years with effect from 1st April 2014.   |
| 5. Appointment of Messrs. Price Waterhouse, Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board of Directors to fix their remuneration.   | 13. Re-Appointment of Mr. Azam Monem as a Wholetime Director for three years with effect from 1st April 2014.   |
| 6. Appointment of Mr. Utsav Parekh as an Independent Director of the Company.  | 14. Re-Appointment of Mr. Kamal Kishore Baheti as a Wholetime Director for three years with effect from 1st April 2014.   |
| 7. Appointment of Mrs. Ramni Nirula as an Independent Director of the Company.   | 15. Approval of payment of Commission to non-executive Directors.   |
| 8. Appointment of Dr. Raghavachari Srinivasan as an Independent Director of the Company.   | 16. Authority to the Board of Directors to create securities in respect of the borrowings of the Company, in terms of Section 108(1)(c) of the Companies Act, 2013. |
|  | 17. Ratification of the remuneration of the Cost Auditors as fixed by the Board of Directors in terms of Section 148 of the Companies Act, 2013.                    |

Signed this ..... day of ..... 2014.

Signature of shareholder(s)

Signature of Proxy holder(s)

Notes:

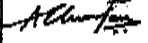



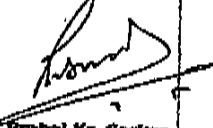
1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the resolutions, Explanatory Statement and Notes, please refer to the Notice of the Sixteenth Annual General Meeting.

Affix  
Revenue  
Stamp



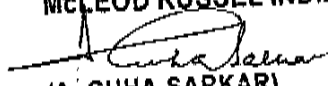
**FORM A**

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	McLeod Russel India Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	<p>McLeod Russel India Limited</p> <p> (A. Khaitan) Managing Director (DIN:00023788)</p> <p> (K. K. Beheti) Chief Financial Officer (DIN:00027568)</p> <p> (R. Srinivasan) Audit Committee Chairman (DIN:00003968)</p> <p>Auditor of the Company:</p> <p> Chartered Accountants Firm Registration Number 301112E Kolkata</p> <p> Prabal Kr. Sarkar Partner Membership Number 52340</p> <p>For Price Waterhouse Firm Registration Number 301112E Chartered Accountants</p>	

3<sup>rd</sup> July 2014

**CERTIFIED TRUE COPY**  
**MCLEOD RUSSEL INDIA LIMITED**

  
**(A. GUHA SARKAR)**  
**VICE PRESIDENT & COMPANY SECRETARY**