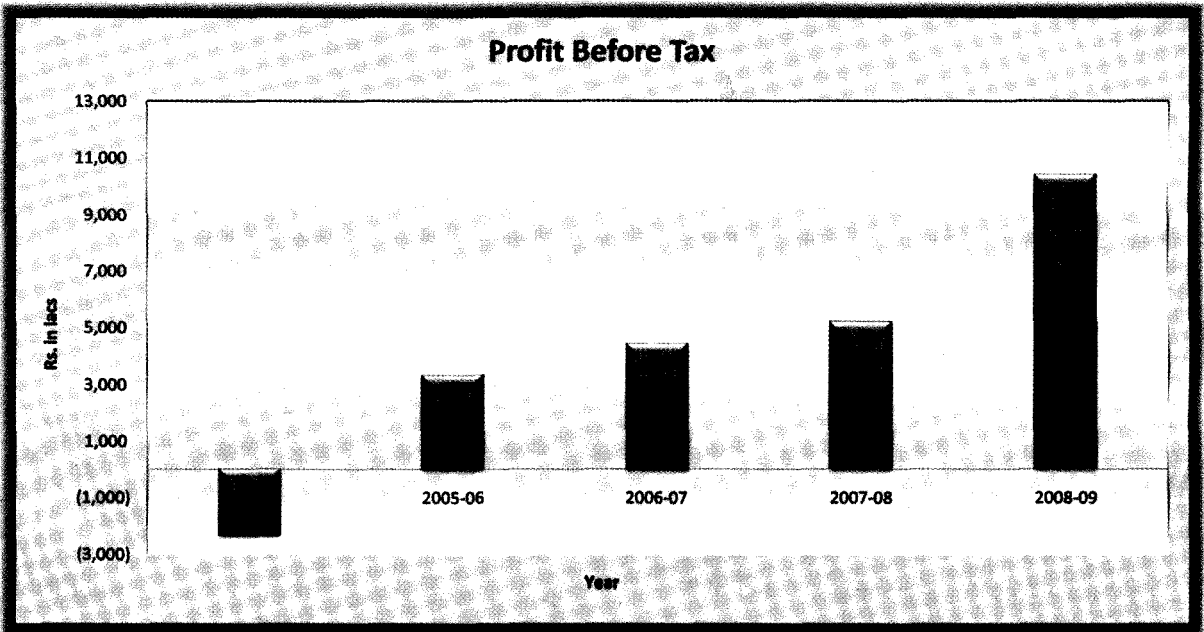
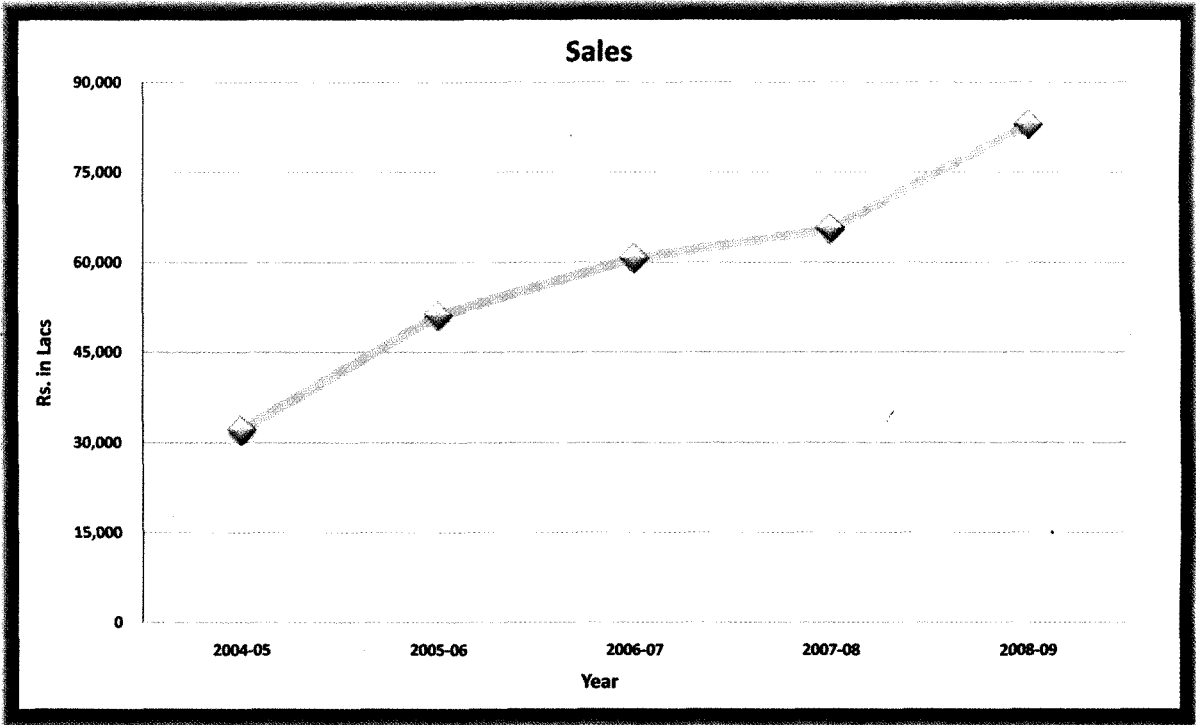




McLEOD RUSSEL
The world's cup of tea

McLEOD RUSSEL INDIA LIMITED
ANNUAL REPORT AND ACCOUNTS 2008 - 09



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Bankers

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

Solicitors

Khaitan & Co.

Registrar

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

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	
Balaji Swaminathan	
Rajeev Takru	<i>Wholetime Director</i>
Azam Monem	<i>Wholetime Director</i>
Kamal Kishore Baheti	<i>Wholetime Director</i>
Amitabha Guha Sarkar	<i>Company Secretary</i>

Audit Committee of the Board

Raghavachari Srinivasan	<i>Chairman</i>
Bharat Bajoria	
Ranabir Sen	
Srikandath Narayan Menon	

Shareholders'/Investors' Grievance Committee of the Board

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

Remuneration Committee of the Board

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

Auditors

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

Registered Office

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



REPORT OF THE DIRECTORS

For the financial year ended 31st March 2009

Your Directors have pleasure in presenting the Annual Report with the audited Accounts of your Company, for the financial year ended 31st March 2009.

REVIEW OF PERFORMANCE

The Financial Results of the Company for the year ended 31st March 2009 are summarized below:

	2008-09 Rs.In Lakhs	2007-08 Rs.In Lakhs
Profit before Interest, Depreciation and Taxation	20,672.91	11,092.01
Less: Interest and Exchange Fluctuation (Net)	7,657.89	3,721.58
	13,015.02	7,370.43
Less: Depreciation & amortisation	2,604.37	2,182.29
Profit before Taxation	10,410.65	5,188.14
Taxation Charge		
Current Tax	1,015.00	152.68
Deferred-Tax	297.06	187.00
Fringe Benefit Tax	220.00	127.40
Profit after Taxation	8,878.59	4,721.06
Balance brought forward from previous year	3,991.58	3,040.75
Balance added pursuant to Scheme of Amalgamation	—	510.35
Balance available for Appropriations	12,870.17	8,272.16
Proposed Dividend	2,189.11	1,094.56
Tax on Proposed Dividend	372.04	186.02
Transfer to General Reserve	6,000.00	3,000.00
Balance carried forward	4,309.02	3,991.58

The Board is pleased to report that in the year under review your Company reached new milestones surpassing all previous records in terms of sales and profitability. The Company achieved a sales turnover of Rs.82887 lakhs during the year which was 26% higher compared to the turnover recorded in the previous year.

The operations of the Company during the year resulted in a profit before interest, depreciation and taxation (PBIDT) of Rs.20673 lakhs as compared to Rs.11092 lakhs in the earlier year. The net profit for the year was Rs.8879 lakhs which is higher by 88% as compared to the net profit earned in the previous year. The considerable growth in profit is attributed to the significant improvement in tea prices during the year, both in India and in the export market.

DIVIDEND

Your Directors are pleased to recommend for approval of the shareholders a dividend of Rs.2/- per equity share on 10,94,55,735 fully paid up equity shares of Rs.5/- each being 40% on the paid up value of the equity shares of the Company for the year ended 31st March 2009 as against 20% (Re.1/- per share) paid for the earlier year.

REVIEW OF OPERATIONS

During the financial year, your Company produced 748.47 lakh kgs tea as compared to 743.82 lakh kgs in the previous year. Overall favourable weather conditions prevailed during most of the year, except during the month of March 2009.

The ongoing Uprooting and Replanting Policy being undertaken for the last several years has resulted in substantial increase of the younger age profile of tea bushes. This has helped sustain the yield, inspite of uprooting taking place annually.

The focus of your Company has always been to follow the most updated field and factory practices as a result of which all the tea estates are in an excellent condition. The manufacture of quality tea was maintained, which commanded a premium both in the domestic as well as the international markets. As part of the upgradation and modernization programme of tea factories, withering facilities were enhanced on eight estates. Twelve Rotorvanes, three Rolling tables, seven CTC machines, two CFM's, five VFBD's, four Coal stoves and one Boiler were newly installed in various factories. In some, extension of the factory building was necessary to accommodate additional sorting machinery. Seven new colour sorters, with a larger capacity for sorting orthodox teas were imported and installed in the factories. For development of drains and strengthening the river embankments bordering tea estates three new JCB Excavators were also purchased.



The Company now has forty five HACCP certified factories. The Nilpur Blending Unit is also a HACCP certified unit. Your Company also has four factories certified as "Fairtrade". Other Compliance certification as per specific customer requirement is also being followed.

The average price realization for the Company's tea for the year was Rs.111.03 which is higher by Rs.23.87 as compared to previous year.

The Company saw a total export quantum (both direct as well as deemed) of 266.75 lakh kgs tea in 2008-2009 with an overall turnover of over Rs.31665 lakhs. Favourable feedback was received from the buyers both in terms of quality and deliveries.

CORPORATE SOCIAL RESPONSIBILITY

Your Company acknowledges that its strength lies in its people and is conscious of the responsibilities towards its employees and neighbours. It is sensitive towards the environment in which it operates and is conscious of its social responsibilities. It has continued its welfare activities for all round development in the field of education, culture and welfare activities and to improve the general standard of living in and around the tea estates of the Company.

The Assam Valley School continues to provide excellent opportunity to the children of the planting community and the North East in terms of academics and overall development. It has established its repute as one of the premier public schools of the country.

The Company continued to support The Assam Valley Literary Award which has found wide acceptance. This year the award was conferred on eminent Assamese Writer Sri Rong Bong Terang 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.

In the field of health care, the well equipped hospitals, particularly the Central hospitals render excellent medical facilities to the workmen and nearby villages through medical camps. The Company continued to support the Mother's club. The Tea Tourism facility developed at Balipara in Assam, in association with River Journeys and Bungalows of India, attracted stream of tourists. Your Company is studying the possibility of developing more such opportunities in other areas of Assam.

D1 WILLIAMSON MAGOR BIO FUEL LIMITED

Williamson Magor & Co. Ltd., (WML) and D1 Oils Trading Ltd. of U.K. formed a 50:50 Joint Venture Company viz., D1 Williamson Magor Bio Fuel Ltd., (D1WM) in July 2006 to facilitate development of Jatropha Oil seeds through contract farming operations for production inter alia of Bio Diesel. Being an associate of WML, your Company presently holds 30.81% of Equity Capital of D1WM.

Bio Diesel is a clean fuel alternative to fossil fuel. It is generally blended with petroleum fuel in advanced countries to operate vehicles and many other diesel run engines.

There is acute shortage of Bio-fuel feedstock which is being developed by D1WM. D1WM has promoted Jatropha plantation on over 1,32,000 Hectares of land till 31st March, 2009. It expects to secure sizeable feedstock from the plantations presently under development.

The Company expects to make a sub-commercial harvest of crop during the year 2009-10 and commence commercial production in 2010-11.

SUBSIDIARY COMPANY AND CONSOLIDATED FINANCIAL STATEMENTS

Borelli Tea Holdings Ltd., U.K. ('Borelli') the Wholly Owned Subsidiary of the Company acquired 100% of the Charter Capital of Phu Ben Tea Company Limited, Vietnam ('Phu Ben') engaged in plantation, manufacture and sale of black tea. The annual production of Phu Ben is around 4.5 million kgs. of tea. Your Company being the global leader in plantation and manufacturer of tea, Phu Ben is expected to benefit from the rich experience of the Executives of your Company in the fields of plantation, manufacture and marketing of tea.

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company, its two Subsidiaries Borelli and Phu Ben and an associate namely D1WM prepared in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India are attached.

DIRECTORS

Since the last Report Mr. Ajay Saraf ceased to be the nominee Director of ICICI Bank Ltd., on withdrawal of the nomination by the Bank with effect from 11th July, 2008. The Board wishes to place on record its sincere appreciation for the valuable services rendered by Mr. Saraf during his tenure as a Director of the Company.

Mr. Srikanth Narayan Menon and Mr. Balaji Swaminathan were appointed as Additional Directors with effect from 29th July, 2008 and 3rd October, 2008 respectively. In terms of Article 120(1) of the Articles of Association of the Company read



with Section 260 of the Companies Act, 1956 Mr. Menon and Mr. Swaminathan hold office upto the date of the next Annual General Meeting of the Company. The Company has received notices in writing pursuant to Section 257(1) of the Companies Act, 1956 from two Members signifying their intention to propose them respectively for election to the Office of Directors at the ensuing Annual General Meeting.

In accordance with the provisions of the Articles of Association of the Company, Mr. Deepak Khaitan, Mr. Rajeev Takru and Mr. Kamal Kishore Baheti will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

COST AUDIT

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

AUDITORS

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

AUDITORS' REPORT

With regard to the observation made by the Auditors in their Report relating to non-ascertainment of value of green leaf consumed, reference is made to Note No.20(b) of Schedule 17 to the Accounts, which is self-explanatory.

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable accounting standards had been followed with no material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

EMPLOYEE RELATIONS

The Company has a large workforce employed on the tea estates. The welfare and well being of the workers is a matter of high priority to the Company. The Company maintained cordial and harmonious relations with its employees throughout the year.

The Board of Directors wishes to place on record its appreciation for the dedicated services rendered by the workers, staff and executives, at all levels and for the smooth functioning of the estates. The policy of transparency and recognition inspired the employees to contribute their best which is apparent in the growth and satisfactory results of the Company. Particulars of employees required under Section 217(2A) of the Companies Act, 1956 are given in the Annexure forming part of this Report.

For and on behalf of the Board

Place : Kolkata
Date : 3rd June 2009

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



Annexure to the Directors' Report 2008-2009

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March 2009.

A. CONSERVATION OF ENERGY

- The Company has been installing various energy efficient machinery in the tea estates. Withering facilities have been enhanced on eight estates. Twelve Rotorvanes, three Rolling tables, seven CTC machines, two CFM's, five VFBD's, four Coal stoves and one Boiler were newly installed in various factories.
- Utilisation of captive generating sets have been rationalized with improved efficiency and lesser consumption of fuel.
- The energy consumption for domestic purposes has been rationalized through creation of awareness and regular monitoring.

B. POWER & FUEL CONSUMPTION

	Year ended 31.03.2009	Year ended 31.03.2008
1. Electricity		
(a) Purchased :		
- Units (Kwh)	53957794	50921450
- Total Amount (Rs.)	312221647	298126366
- Rate / Unit (Rs.)	5.79	5.85
(b) Own Generation :		
Through Diesel Generator		
- Units (Kwh)	14382559	15532910
- Units per Ltr of Diesel Oil	2.94	2.86
- Cost / Unit (Rs.)	11.46	11.17
2. Coal		
- Quantity (Tonnes)	40202	30605
- Total Amount (Rs.)	181335932	93243674
- Average Rate (Rs.)	4510.61	3046.72
3. Furnace Oil		
- Quantity (Litres)	1146025	3989006
- Total Amount (Rs.)	42592505	110287085
- Average Rate (Rs.)	37.17	21.65
4. Total Power and Fuel consumption per unit of production of Tea		
- Saleable Production - Tea (Kgs)	74846606	74381630
- Electricity (Kwh)	0.91	0.89
- Furnace Oil (Litre)	0.02	0.05
- Coal (Kg.)	0.54	0.41
- Others (Rs.)	1.21	1.04

C. RESEARCH AND DEVELOPMENT

The Company continues with the policy of reviewing clonal blend to improve the yield and quality of teas being planted. Vermi Compost is being developed by the Estates to improve upon the organic status of the soil. This will result in improved yield in all areas of planted or replanted tea in the years to come. This being a long-term process, it will be carried on with required improvement from time to time, in future.



EXPENDITURE ON RESEARCH & DEVELOPMENT

	Year ended 31.03.2009	Year ended 31.03.2008
(a) Capital	Nil	Nil
(b) Revenue	<u>82.85</u>	<u>82.75</u>
(c) Total	<u>82.85</u>	<u>82.75</u>
(d) Total R&D Expenditure as % of turnover	0.10	0.13

D. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- The Company undertakes modernization and upgradation of factory on regular basis with improved technology.
- Seminars and group discussions with the feed back from the field workers are regularly held.
- Effective Staff training with the definite approach towards improvement of their efficiency are conducted routinely.
- Innovative achievements of the operating people in the agriculture and manufacture of tea are highly encouraged in the Company's interest.
- The company has installed a state of the art blending unit at Nilpur Division of Pertabghur Tea Estate, which is HACCP certified.

E. FOREIGN EXCHANGE INCOME & OUTGO

During the year the Company's direct exports were 266.38 lakh kg. (2007-08 : 142.84 lakhs kg.) of Tea.

	Year ended 31.03.2009	Year ended 31.03.2008
	Rs. lakhs	Rs. Lakhs
Foreign Exchange Earnings	30839.63	13810.26
Foreign Exchange Outgo	1122.65	1561.63

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

Name	Designation/ Nature of Duties	Remuneration (Rs. in Lakhs)	Qualifications	Experience (Years)	Date of Employment	Age	Previous Employment/ Position held
A. Khaitan	Managing Director	160.68	B. Com. (Hons.)	18	01.04.2005	41	N. A.
R. Takru	Wholetime Director	69.42	B. A. (Hons.)	34	01.04.2005	54	Eveready Industries India Limited Senior Vice-President
A. Monem	Wholetime Director	60.37	B. Com. (Hons.)	29	01.04.2005	49	Eveready Industries India Limited Senior Vice-President
K.K. Baheti	Wholetime Director	69.43	B. Com. (Hons.) FCA., ACS., GRAD. CWA.	20	01.04.2005	46	Eveready Industries India Limited Vice-President
N.L. Ganguly	Visiting Agent, Margherita	27.98	M.A. (Economics)	35	22.05.1974	59	Eveready Industries India Limited General Manager Margherita
D.K. Sharma	Visiting Agent, Pertabghur	25.26	B.A. (Economics)	35	01.04.1974	59	Eveready Industries India Limited General Manager Addabarie

Notes :

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

Place : Kolkata
Date : 3rd June 2009

For and on behalf of the Board

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



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

India is the world's largest black tea producer, producing approximately 980 million kgs during calendar year 2008 which represents 41% of the global black tea production of 2.4 billion kgs. Black tea production during 2008 by major other black tea producers were Kenya (346 million kgs), Sri Lanka (318 million kgs), Indonesia (80 million kgs), Vietnam (140 million kgs), and Bangladesh (59 million kgs).

During 2008, the production of black tea in India and Sri Lanka was higher by 30 million kgs and 15 million kgs respectively. However, Kenya lost approximately 25 million kgs during 2008. Export from India during 2008 was estimated at 190 million kgs. Despite higher production in India, negative carried forward stocks, strong consumption growth in India and higher exports had a positive impact on the prices of tea which went up by Rs. 22 per kg during 2008 as compared to the previous year. Normal increase in wages and substantial increase in all the input cost during the peak season had taken the overall cost higher by Rs. 7/- per kg.

OPPORTUNITIES AND THREATS

India is the largest consumer of tea with estimated annual growth of 3.5% per annum. Domestic consumption is estimated at 850 million kgs during the year 2009. Since no addition to the land under tea cultivation by organized sector has taken place in last 5 years and uprooting and replanting of low yielding section takes 3 – 5 years to materialize, the production in next few years is estimated to be stagnant to very insignificant growth. Global financial crisis had some impact on the demand of orthodox teas by Middle East and CIS countries during the last quarter of 2008. With easing of global liquidity the demand for orthodox teas is expected to increase. Depreciating Rupee during 2008 had a positive impact on exports from India. However any reversal of the trend may impact export realization.

RISKS AND CONCERNS

The tea Industry is largely dependant on the vagaries of nature. The industry is highly labour intensive and is subject to stringent labour laws. Comparatively high labour costs, high social cost over most other tea producing countries, high infrastructure costs and increasing energy and other input costs remain the major problems for the Indian Tea Industry.

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

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

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

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

OUTLOOK

Adverse weather conditions during the first quarter of the calendar year 2009 in almost all the tea producing countries affected the production substantially. The global shortfall in the first quarter is estimated to be over 50 million kgs as compared to last year. Based on estimated production and consumption for 2008, the stock in the Trade at the beginning



of 2009 is estimated to be lower by 25 million kgs as compared to last year. These factors together with continuous strong consumption growth indicate further built up of shortages and should lead to higher prices both in domestic and export markets. The tea price currently ruling is higher by 25% over last year. Due to revision of wages and normal increase in other cost, cost of production is also likely to increase.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

FINANCE

Net debt as on 31st March 2009 amounted to Rs.385 Crores as compared to Rs. 452 crores as on 31st March 2008. Internal generation has been used to reduce the net borrowing by Rs. 67 crores. Financial ratios are comfortable.

HUMAN RESOURCES

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

CAUTIONARY STATEMENT

Statements in the Management Discussions 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 : 3rd June 2009

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



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS

(i) Composition

The Board of Directors of your Company as on 31st March 2009 consisted of twelve Directors as under:

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

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

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

Name and category of the Directors on the Board, their attendance at Board Meetings held during the financial year ended 31st March 2009, number of Directorships and Committee Chairmanships/ Memberships held by them in other public limited companies are given below. Other Directorships do not include alternate Directorships, Directorship in Private Limited Companies, Companies under Section 25 of the Companies Act, 1956 and of the Companies incorporated outside India. Chairmanship/Membership of Board Committees relates to only Audit and Shareholders'/Investors' Grievance Committees.

Name of Directors	Category	No. of Board Meetings		Whether attended last AGM held on 29th July 2008	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
		Held during the year	Attended			As Chairman	As Member (#)
MR. B. M. KHAITAN	NON-EXECUTIVE CHAIRMAN	6	4	NO	6	—	1
MR. D. KHAITAN	NON-EXECUTIVE VICE-CHAIRMAN	6	4	YES	7	—	1
MR. A. KHAITAN	MANAGING DIRECTOR	6	5	YES	7	1	2
DR. R. SRINIVASAN	NON-EXECUTIVE & INDEPENDENT	6	6	YES	8	3	9
MR. B. BAJORIA	NON-EXECUTIVE & INDEPENDENT	6	6	YES	9	2	2
MR. R. SEN	NON-EXECUTIVE & INDEPENDENT	6	5	YES	1	—	—
MR. U. PAREKH	NON-EXECUTIVE & INDEPENDENT	6	1	NO	6	—	3
*MR. S. N. MENON	NON-EXECUTIVE & INDEPENDENT	6	4	N.A.	6	—	1
**MR. B. SWAMINATHAN	NON-EXECUTIVE & INDEPENDENT	6	0	N.A.	—	—	—
MR. R. TAKRU	WHOLETIME DIRECTOR	6	5	YES	3	—	—
MR. A. MONEM	WHOLETIME DIRECTOR	6	6	YES	—	—	—
MR. K.K. BAHETI	WHOLETIME DIRECTOR	6	6	YES	9	—	1
-MR. A. SARAF (NOMINEE OF ICICI BANK LTD. - LENDER)	NON-EXECUTIVE & INDEPENDENT	6	1	N.A.	3	1	3

(#) including Chairmanship, if any

* Appointed as an Additional Director w.e.f. 29.07.2008

** Appointed as an Additional Director w.e.f. 03.10.2008

- Ceased to be a Nominee Director w.e.f. 11.07.2008



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

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

- a) Six Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:
1st April 2008, 2nd June 2008, 29th July 2008, 3rd October 2008, 30th October 2008, and 29th January 2009. The last Annual General Meeting of the Members of the Company was held on 29th July 2008.
- b) Necessary information where applicable as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

3. AUDIT COMMITTEE

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

- a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct sufficient and credible.
- b) Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and the fixation of audit fees, and also approval for payment of any other services rendered by the statutory auditors.
- c) Discussion with the statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- d) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- e) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
- 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.
- f) Reviewing the adequacy of internal audit function.
- g) Discussion with internal auditors of any significant findings and follow-up thereon.
- h) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i) Looking into the reasons for substantial defaults in payments to the shareholders and creditors.



ii. Composition

The Audit Committee of the Board as on 31st March 2009 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, 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 2009 are given below:

Name of Directors	Category	No. of Meetings	
		Held during the year	Attended
DR. R. SRINIVASAN, CHAIRMAN	NON-EXECUTIVE & INDEPENDENT	5	5
MR. B. BAJORIA	NON-EXECUTIVE & INDEPENDENT	5	5
MR. R. SEN	NON-EXECUTIVE & INDEPENDENT	5	4
* MR. S. N. MENON	NON-EXECUTIVE & INDEPENDENT	5	1
~ MR. A. SARAF	NON-EXECUTIVE & INDEPENDENT	5	1

* Became a member on 30.10.2008

~ Ceased to be a member w.e.f. 11.07.2008.

Five Meetings of the Audit Committee were held during the financial year ended 31st March 2009. The dates on which the Audit Committee Meetings were held are as follows:

1st April 2008, 2nd June 2008, 29th July 2008, 30th October 2008 and 29th January 2009.

The necessary quorum was present at all the Meetings.

4. REMUNERATION COMMITTEE

i) Brief description of terms of reference

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

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

ii. Composition

The Remuneration Committee of the Board as on 31st March 2009 comprised Mr. B. Bajoria, a Non-Executive Independent Director, as the Chairman Dr. R. Srinivasan and Mr. R. Sen, Non-Executive Independent Directors as its Members.

iii. Attendance during the year

One Meeting of the Remuneration Committee was held on 1st April 2008 during the financial year ended 31st March 2009.

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

~ Ceased to be a member w.e.f. 11.07.2008.



iv. Remuneration Policy

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

With effect from 29th March 2005 remuneration by way of sitting fees of Rs.10,000/- is payable to the Non-Executive Directors for each Meeting of the Board or any Committee thereof attended by them.

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

v. Details of Remuneration to the Non-Executive Directors

The details of remuneration for the financial year ended 31st March 2009 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 (#)	No. of Shares held as on 31st March 2009 (#)
MR. B. M. KHAITAN	40,000	—	1,20,000	36,288
MR. D. KHAITAN	40,000	—	1,20,000	55,018
DR. R. SRINIVASAN	60,000	60,000	1,20,000	—
MR. B. BAJORIA	60,000	90,000	1,20,000	800
MR. R. SEN	50,000	70,000	1,20,000	133
MR. U. PAREKH	10,000	20,000	1,20,000	—
MR. S. N. MENON	40,000	10,000	1,20,000	—
MR. B. SWAMINATHAN	—	—	1,20,000	10,000
MR. A. SARAF *	10,000	10,000	—	—
TOTAL	3,10,000	2,60,000	9,60,000	1,02,239

* Fees paid to ICICI Bank Ltd.

(#) 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.

a) Details of Remuneration for the financial year ended 31st March 2009 to the Managing Director and Wholetime Directors are given below:

	MR. A. KHAITAN Rs.	MR. R. TAKRU Rs.	MR. A. MONEM Rs.	MR. K. K. BAHETI Rs.
Salary	84,00,000	27,00,000	27,00,000	27,00,000
Contribution to Provident Fund and other funds	22,68,000	7,29,000	7,29,000	7,29,000
Allowances	36,00,000	34,45,000	18,25,000	34,45,000
Monetary value of perquisites	18,00,000	67,852	7,82,810	69,288
Period of appointment	3 years w.e.f. 01.04.2008	3 years w.e.f. 01.04.2008	3 years w.e.f. 01.04.2008	3 years w.e.f. 01.04.2008
Notice period	3 Months	3 Months	3 Months	3 Months
Severance fees	Not specified	Not specified	Not specified	Not specified



5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

The Shareholders'/Investors' Grievance Committee of the Board as at 31st March 2009 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 31st October 2008 and 27th March 2009 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	1

ii) Name and designation of the Compliance Officer

Mr.A Guha Sarkar
Senior General Manager & Company Secretary
McLeod Russel India Limited
Four Mangoe Lane
Surendra Mohan Ghosh Sarani
Kolkata 700001

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

Pending at the beginning of the year	Received during the year	Redressed/Replied during the year	Pending at the year end
Nil	124	124	Nil

6. GENERAL BODY MEETINGS

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

Financial Year	Date	Time	Venue
31.03.2006	19.09.2006	10.30 A.M.	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017
31.03.2007	30.07.2007	10.30 A.M.	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017
31.03.2008	29.07.2008	10.30 A.M.	Kala Mandir, 48, Shakespeare Sarani, Kolkata - 700 017



ii) Special Resolutions passed in the previous three AGMs.

AGM held on	Special Resolution passed :
19.09.2006	Yes. The following Special Resolutions were passed : (1) 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. (2) Four Special Resolutions for payment of remuneration to the Managing Director and Wholetime Directors.
30.07.2007	None
29.07.2008	None

iii) Special Resolution passed through Postal Ballot

One Special Resolution in terms of the provisions of Portfolio Investment Scheme under the Foreign Exchange Management Act, 1999, the Companies Act, 1956 and all other applicable rules, regulations, guidelines and laws, was passed by Postal Ballot in accordance with the provisions of Section 192A of the Companies Act 1956, during the financial year ended 31st March 2009 as per the procedures prescribed in the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001. The Result of Postal Ballot was as under:

Particulars of Resolution	Resolution passed on	Applicable Section of the Companies Act, 1956	No. and % of Votes in favour	No. and % of Votes against
Increase in Foreign Institutional Investors' Investment limit up to 40% of the Paid-up Capital of the Company as per Notice dated 2nd June 2008.	09.07.2008	Section 192A and all other applicable provisions, if any, of the Companies Act, 1956	5,14,84,369 99.98%	9,449 00.02%

iv) Person who conducted the Postal Ballot exercise

Mr. Shyamal Bhattacharjee, a Practising Company Secretary, appointed as the Scrutinizer conducted the Postal Ballot voting process.

v) Procedure for Postal Ballot

The procedures as prescribed in the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001 were followed for passing the Resolution by Postal Ballot during the year ended 31st March 2009.

vi) Resume and other information regarding the Directors being appointed/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

- Transactions with the related parties have been disclosed in Note No.12 of Schedule 17 to the Accounts in the Annual Report for the year under review.
- 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 year ended 31st March 2006, 31st March 2007, 31st March 2008 and 31st March 2009.

- iii) Presently, the Company does not have any Whistle Blower Policy.
- iv) a) The Company has adopted separate Codes of Conduct ('Code') for the Members of the Board and Senior Management Personnel as required under Clause 49 of the Listing Agreement. All the Board Members and the Senior Management Personnel have affirmed compliance of the Code as applicable to them. The Annual Report of the Company contains a declaration to this effect signed by the CEO. The Company has also adopted a Code for Prohibition of Insider Trading.

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

- b) The Company has obtained Certificate from the Statutory Auditors on compliance of Clause 49 of the Listing Agreement and a copy of such Certificate is attached to this report.
- v) The Company has laid down a procedure for risk assessment and minimization thereof. The Company maintains a Risk Register wherein the various risks the Company is exposed to and the steps for mitigation thereof are recorded.
- vi) All the mandatory requirements have been appropriately complied with and the non-mandatory requirements are dealt with at the end of this Report.

8. MEANS OF COMMUNICATION

- i) Quarterly Results and publication thereof in newspapers

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

- ii) Display in Website

Results are displayed on the Company's Website www.mcleodrusseleindia.com and also on the EDIFAR Website of SEBI <http://sebidifar.nic.in>.

- iii) Display of Official news and presentation made to the Shareholders/Institutional Investors/Analysts :
Press releases as and when made are displayed in the Company's website and also sent to the Stock Exchanges to enable them to put on their own websites.

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

9. GENERAL SHAREHOLDERS' INFORMATION

- (i) 11th Annual General Meeting

Date and Time : 28th July, 2009 (Tuesday) 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 21st July 2009 to 28th July 2009 (both days inclusive) for the purpose of the Annual General Meeting of the Company and payment of Dividend.



(iv) Dividend Payment Date

The Dividend, if declared shall be paid/credited on or after 31st July 2009.

(v) Listing on Stock Exchanges

The Company's Shares are listed at the following Stock Exchanges and the Annual Listing Fees for the year 2009-2010 have been paid to all these Stock Exchanges.

Name of the Stock Exchange

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

(vi) Stock Code :

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

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

(vii) Stock Price Data :

Month	Bombay Stock Exchange				National Stock Exchange	
	High Rs.	Low Rs.	Share Price (closing) Rs.	Sensex (closing)	High Rs.	Low Rs.
April 2008	103.95	64.00	97.10	17287.31	103.80	60.10
May 2008	118.70	90.10	90.80	16415.57	118.80	94.10
June 2008	94.90	67.05	68.15	13461.60	94.60	66.55
July 2008	88.00	58.50	84.75	14355.75	87.50	59.00
August 2008	96.90	81.55	84.75	14564.53	96.75	81.60
September 2008	94.30	77.15	82.80	12860.43	94.30	76.00
October 2008	90.00	40.50	46.85	9788.06	90.00	40.25
November 2008	52.80	35.70	36.25	9092.72	54.70	35.00
December 2008	51.80	35.25	48.65	9647.31	51.80	35.25
January 2009	54.95	46.10	48.20	9424.24	54.80	46.50
February 2009	49.80	42.05	48.85	8891.61	49.95	41.75
March 2009	66.20	45.25	64.55	9708.50	66.45	45.20

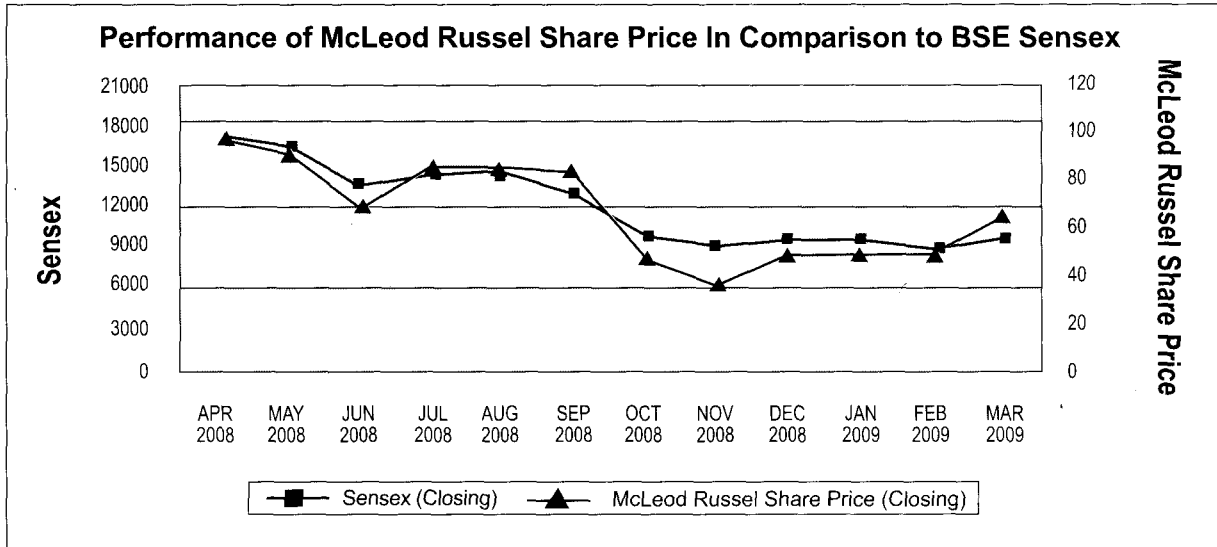


(viii) Performance in comparison to BSE Sensex :

Share Price Performance (April 2008 to March 2009)

Sensex (Closing)

McLeod Russel 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 has appointed the following SEBI registered Agency as the Common Registrar and Share Transfer Agents of the Company for both the Physical and Dematerialized segments with effect from 14th March 2005:-

Maheshwari Datamatics Pvt Ltd.

6, Mangoe Lane, 2nd Floor

Surendra Mohan Ghosh Sarani, Kolkata – 700001.

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

FAX : (033) 2248-4787

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

x. Share Transfer System

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

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



xi) a) Distribution of shareholding as on 31st March 2009

Size of holding		No. of holders	Percentage	No. of Shares	Percentage
1 to	500	63,462	89.88	79,92,666	07.30
501 to	1000	4,138	05.86	31,64,136	02.89
1001 to	2000	1,619	02.29	24,37,631	02.23
2001 to	3000	486	00.69	12,44,178	01.14
3001 to	4000	192	00.27	6,86,824	00.63
4001 to	5000	171	00.24	8,13,432	00.74
5001 to	10000	254	00.36	19,02,807	01.74
10001 and	above	285	00.41	9,12,14,061	83.33
Total		70,607	100.00	10,94,55,735	100.00

b) Shareholding Pattern as on 31st March 2009

Sr. No.	Category	Number of Shareholders	No. of Shares held	% of holding
1.	Promoters	27	49957956	45.64
2.	Mutual Funds / UTI	20	3562276	03.26
3.	Financial Institutions / Insurance Companies / Banks	101	8202484	07.49
4.	Central / State Government(s)	1	112	00.00
5.	FII's	21	18838798	17.21
6.	Bodies Corporate	1602	7110609	06.50
7.	NRIs / OCBs	465	514878	00.47
8.	Resident Individuals	68370	21268622	19.43
Total		70607	109455735	100.00

xii. Dematerialization of Shares and liquidity:

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

As on 31st March 2009, 96.49% of the Company's equity shares of Rs.5/- each representing 10,56,18,632 shares were in dematerialized form and the balance 3.51% representing 38,37,103 shares were in physical form.

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

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

**xiv. Plant Locations:**

Tea manufacturing plants are located at the following Tea Estates –

LOCATIONS	TEA ESTATES
ASSAM:	
BISHNAUTH	DEKORAI, MIJICAJAN, MONABARIE, PERTABGHUR
DHUNSERI	BEHORA, BUKHIAL
DOOM DOOMA	BAGHJAN, BORDUBI, KOOMSONG, PHILLOBARI, BEESAKOPIE, RAIDANG, SAMDANG
EAST BOROI	BARGANG, BEHALI, BOROI, DUFFLAGHUR, HALEM, NYA GOGRA
JORHAT	HUNWAL
MANGALDAI	ATTAREEKHAT, BHOOTIACHANG, BORENGAJULI, CORRAMORE, DIMAKUSI, PANEERY
MARGHERITA	BOGAPANI, DEHING, DIROK, MARGHERITA, NAMDANG
MORAN	ATTABARRIE, DIRAI, LEPETKATTA, MORAN, RAJMAI, SEPON
THAKURBARI	ADDABARIE, HARCHURAH, NILPUR, PHULBARI, RUPAJULI, TARAJULIE, TEZPORE & GOGRA
TINGRI	DIRIAL, ITAKHOOLI, KEYHUNG, MAHAKALI
WEST BENGAL:	
DOOARS	BHATPARA, CENTRAL DOOARS, CHUAPARA, JAINTI/CHUNIAJHORA, MATHURA, JAIBIRPARA

xv. Address for correspondence for Share and related services:

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

- (i) The Company's Registered Office at :

McLEOD RUSSEL INDIA LIMITED

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

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

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

E-mail : administrator@wmg.co.in

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

MAHESHWARI DATAMATICS PVT LTD.

6, Mangoe Lane, 2nd Floor

Surendra Mohan Ghosh Sarani, Kolkata – 700001.

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

FAX : (033) 2248-4787

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



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

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

Compliance of Non-Mandatory Requirements

- i) **The Board :**
During the financial year ended 31st March 2009, a part of the expenses for maintenance of the office of the Non-Executive Chairman was borne by the Company.
- ii) **Remuneration Committee :**
The Company has a Remuneration Committee comprising Mr. B. Bajoria, Dr. R. Srinivasan, and Mr. R. Sen as Members as stated in Paragraph 4 of this Report.
- iii) **Shareholder Rights :**
Half-yearly results including summary of the significant events are presently not being sent to the Shareholders of the Company.
- iv) **Audit Qualification :**
The observations of the Auditors have been dealt with in the Directors' Report.
- v) **Training of Board Members :**
The Company has not yet adopted any training programme for its Directors.
- vi) **Mechanism for evaluating Non-Executive Board Members :**
There is no mechanism for evaluating Non-Executive Board Members at present. All the Non-Executive Board Members are having requisite qualification and expertise in their respective functional areas.
- vii) **Whistle Blower Policy :**
There is no Whistle Blower Policy at present.

For and on behalf of the Board

Place : Kolkata
Date : 3rd June 2009

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



AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of McLeod Russel India Limited

We have examined the compliance of conditions of Corporate Governance by McLeod Russel India Limited, for the year ended 31st March 2009, as stipulated in clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

Place : Kolkata
Date : 3rd June 2009

(P. Law)
Partner
Membership No. 51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

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

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

I confirm that the Company has in respect of the financial year ended 31st March 2009 received from the Members of the Board and Senior management personnel, a Declaration of Compliance with the Code of Conduct as applicable to them.

Place : Kolkata
Date : 3rd June 2009

A. Khaitan - Managing Director



AUDITORS' REPORT

TO THE MEMBERS OF McLEOD RUSSEL INDIA LIMITED

1. We have audited the attached Balance Sheet of McLeod Russel India Limited, as at 31st March, 2009, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. The aforesaid financial statements incorporate the transactions relating to the Company's Marketing and Representative Office, United Kingdom. We have audited these transactions on the basis of returns, records, information and explanations received from this office which we have not visited. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that :-
 - 3.1 (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the Company are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the Company during the year.
 - 3.2 (a) The inventory (excluding stocks with third parties) has been physically verified by the management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by third parties and/or were verified with reference to subsequent sale. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.



- 3.3 (a) The Company has granted unsecured demand loan to a company covered in the register maintained under Section 301 of the Act. Both the maximum amount involved during the year and the year-end balance of such loan amounts to Rs. 460.00 lakhs.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of the aforesaid loan, repayment of the principal amount and the payment of interest were not due at the year end.
- (d) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- 3.4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. There is no sale of services during the year. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 3.5 (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- 3.6 The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- 3.7 In our opinion, the Company's has an internal audit system commensurate with its size and nature of its business.
- 3.8 We have broadly reviewed the books of account maintained by the Company in respect of product where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- 3.9 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. As explained by the management, Employees' State Insurance Scheme is not applicable to the Company.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31st March, 2009 which have not been deposited on account of a dispute, are as follows :-



Name of the statute	Nature of dues	Amount (Rs. lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act	Sales Tax	0.82	2001-02	Deputy Commissioner of Taxes (Appeals)
	Sales Tax	2.23	2005-06	Deputy Commissioner of Taxes
Assam General Sales Tax Act	Sales Tax	23.32	1999-00	Gauhati High Court
West Bengal Sales Tax Act	Sales Tax	1.16	1994-95	Sales Tax Appellate Tribunal
Finance Act	Service Tax	0.52	2004-05 and 2005-06	Superintendent of Central Excise
Income Tax Act	Income Tax	6.63	2004-05, and 2005-06.	Deputy Commissioner of Taxes
	Income Tax	18.11	2006-07	CIT Appeals
	Fringe Benefit Tax	121.94	2006-07	CIT Appeals

- 3.10 The Company has no accumulated losses as at 31st March, 2009 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- 3.11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank at the Balance Sheet date. The Company has neither any outstanding dues to any debenture holders or financial institutions at the beginning of the year nor it obtained any such loans during the year.
- 3.12 The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 3.13 The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the Company.
- 3.14 In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 3.15 In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 3.16 In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- 3.17 On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, funds raised on a short term basis have, to the extent of Rs.12054.16 lakhs, been utilised for long term investments (mainly fixed assets).
- 3.18 The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- 3.19 The Company has not issued any debentures and accordingly the question of creation of securities in this regard does not arise.
- 3.20 The Company has not raised any money by public issues during the year.



- 3.21 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
4. Further to our comments in paragraph 3 above, we report that:
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, subject to Note 20(b) on Schedule 17 to the Accounts regarding non ascertainment of value of green leaf consumed, in the prescribed manner the information required by the Act and also give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Kolkata
Date: 3rd June, 2009

(P.Law)
Partner
Membership No. 51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants



McLEOD RUSSEL INDIA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31st March 2009		31st March 2008	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1A	5472.79		5416.89	
Share Capital Suspense	1B	-		55.90	
Reserves and Surplus	2	<u>111748.51</u>		<u>105885.95</u>	
			117221.30		111358.74
Loan Funds	3				
Secured		38535.82		30702.10	
Unsecured		<u>3000.00</u>		<u>15000.00</u>	
			41535.82		45702.10
Deferred Tax Liability [Note 8.2 on Schedule 17]			5252.36		4955.30
			<u>164009.48</u>		<u>162016.14</u>
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		182179.10		178910.29	
Less : Depreciation and amortisation		<u>38703.25</u>		<u>36052.32</u>	
Net Block		143475.85		142857.97	
Capital Work-in-Progress		<u>1382.60</u>		<u>820.07</u>	
			144858.45		143678.04
Investments	5		20512.52		19545.35
Current Assets, Loans and Advances					
Inventories	6	6385.99		4396.24	
Sundry Debtors	7	2546.24		2819.90	
Cash and Bank Balances	8	3062.96		479.41	
Other Current Assets	9	4727.35		5042.89	
Loans and Advances	10	<u>8415.00</u>		<u>8725.24</u>	
		<u>25137.54</u>		<u>21463.68</u>	
Less : Current Liabilities and Provisions					
Current Liabilities	11	11650.55		9170.89	
Provisions	12	<u>14848.48</u>		<u>13500.04</u>	
		<u>26499.03</u>		<u>22670.93</u>	
NET CURRENT ASSETS			(1361.49)		(1207.25)
			<u>164009.48</u>		<u>162016.14</u>
Notes on Accounts	17				

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

P. Law
Partner
Membership No. 51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata, 3rd June, 2009

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

For and on behalf of the Board of Directors

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

A. Guha Sarkar - Company Secretary



McLEOD RUSSEL INDIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended	Year ended
		31st March 2009	31st March 2008
		Rs. Lakhs	Rs. Lakhs
INCOME			
Sales	13	82886.62	65548.83
Other Income	14	2728.37	4671.94
Closing Stock		2522.87	2069.67
		<u>88137.86</u>	<u>72290.44</u>
EXPENDITURE			
Opening Stock		2069.67	2,370.66
Stock acquired pursuant to Scheme of Amalgamation		-	55.34
Expenses	15	65395.28	58772.43
		<u>67464.95</u>	<u>61198.43</u>
Profit before Interest, Depreciation and Taxation		20672.91	11092.01
Interest and Exchange Fluctuation(Net)	16	7657.89	3721.58
Depreciation and Amortisation [Note 3 on Schedule 17]		2604.37	2182.29
Profit before Taxation		<u>10410.65</u>	<u>5188.14</u>
Taxation Charge/(Credit)			
Current Tax [Net of write back of Rs. Nil (2007-08 - Rs. 77.32 lakhs) relating to earlier years]		1015.00	152.68
Deferred Tax		297.06	187.00
Fringe Benefit Tax [includes Rs. 65.00 lakhs (2007-08 - Rs. Nil) relating to earlier years]		220.00	127.40
Profit after Taxation		<u>8878.59</u>	<u>4721.06</u>
Balance brought forward from Previous Year		3991.58	3040.75
Balance added pursuant to the Scheme of Amalgamation		-	510.35
Balance available for Appropriations		<u>12870.17</u>	<u>8272.16</u>
Proposed Dividend		2189.11	1,094.56
Tax on Proposed Dividend		372.04	186.02
Transfer to General Reserve		6000.00	3,000.00
Balance carried forward to Balance Sheet		<u>4309.02</u>	<u>3991.58</u>
Earnings per share [Basic and Diluted - Rs.] [Note 15 on Schedule 17]		8.11	4.31
Notes on Accounts	17		

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

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

For and on behalf of the Board of Directors

P. Law
Partner
Membership No. 51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata, 3rd June, 2009

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

A. Guha Sarkar - Company Secretary

**McLEOD RUSSEL INDIA LIMITED****Schedules annexed to Balance Sheet as at 31st March, 2009****SCHEDULE 1A**

	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
SHARE CAPITAL		
Authorised		
12,00,00,000 Equity Shares of Rs.5/- each	6000.00	6000.00
Issued, subscribed and paid-up		
1,00,33,705 Equity Shares of Rs 5/- each fully paid up	501.69	501.69
9,94,22,030 (31st March 2008 - 9,83,04,002) Equity Shares of Rs 5/- each fully paid up issued pursuant to Scheme of Arrangement/ Schemes of Amalgamation without payment being received in cash.	4971.10	4915.20
	5472.79	5416.89

SCHEDULE 1B**SHARE CAPITAL SUSPENSE**

11,18,028 Equity Shares of Rs. 5/- each, fully paid up to be issued pursuant to Scheme of Amalgamation without payment being received in cash (Allotted during the year)	-	55.90
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McLEOD RUSSEL INDIA LIMITED

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

SCHEDULE 2

RESERVES AND SURPLUS

	General Reserve	Securities Premium	Capital Reserve	Revaluation Reserve	Other Reserve *	Total
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Balance as per last Account	13,686.88	11,053.58	201.68	57743.03	19209.20	101894.37
Less : Surplus/(deficit) arising on disposal/scrapping of revalued assets transferred to Profit and Loss Account	-	-	-	3.68	-	3.68
Less : Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets [Note 3 on Schedule 17]	-	-	-	451.20	-	451.20
	13686.88	11053.58	201.68	57288.15	19209.20	101439.49
Add: Transferred from Profit and Loss Account	6000.00	-	-	-	-	6000.00
Add : Profit and Loss Account (31st March 2008 - Rs. 3991.58 lakhs)	-	-	-	-	-	4309.02
Balance as at 31st March, 2009	19686.88	11053.58	201.68	57288.15	19209.20	111748.51

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

**McLEOD RUSSEL INDIA LIMITED****Schedules annexed to Balance Sheet as at 31st March, 2009****SCHEDULE 3**

	31st March 2009	31st March 2008
	Rs. Lakhs	Rs. Lakhs
LOAN FUNDS		
SECURED LOANS		
Cash Credit , Packing Credit and Demand Loans	12,107.66	11,496.88
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 in respect of all tea estates		
Term Loans :		
Housing Development Finance Corporation Limited	2,318.81	2,717.61
Secured/to be secured by equitable mortgage by way of deposit of title deeds of the immovable properties of certain tea estates ranking pari-passu with others		
HDFC Bank Ltd	6,323.93	2,317.45
Secured / to be secured by equitable mortgage by way of deposit of title deeds of immovable properties of certain tea estates and hypothecation of movable fixed assets of those tea estates		
Axis Bank Limited	6,500.00	-
Secured / to be secured by first mortgage of a tea estate, and additionally secured by second mortgage of other tea estates, and second charge on current assets of those tea estates.		
ICICI Bank Limited	11,243.95	10,417.56
Secured / to be secured by first pari-passu charge on WM - Brand, first pari passu mortgage of certain tea estates and subservient mortgage of certain tea estates; and additionally secured by pledge of certain investments		
ICICI Bank Limited - Vehicle Loans	6.95	34.11
Secured by hypothecation of the related assets acquired		
IL&FS Limited	-	1,875.00
Secured by first mortgage of certain tea estates		
A Body Corporate	-	1,769.00
To be secured by second charge on the immovable property of certain tea estates and also covered by guarantee given by IL&FS Limited		
Tea Board	34.52	74.49
Secured / to be secured by hypothecation of the related assets acquired		
	<u>38,535.82</u>	<u>30,702.10</u>
UNSECURED LOANS		
Short Term Loans :		
HDFC Bank Limited	3,000.00	8,000.00
Axis Bank Limited	-	5,000.00
Yes Bank Limited	-	2,000.00
	<u>3,000.00</u>	<u>15,000.00</u>



McLEOD RUSSEL INDIA LIMITED
Schedules annexed to Balance Sheet as at 31st March, 2009
SCHEDULE 4

Rs. in Lakhs

Particulars	GROSS BLOCK AT COST OR VALUATION					DEPRECIATION / AMORTISATION					NET BLOCK		
	As at 31st March, 2008	Acquisition by Scheme of Amalgamation	Additions during the year	Sales/Retirements/adjustments during the year (Note 5 below)	As at 31st March, 2009 (Notes 3 and 4 below)	As at 31st March, 2008 (Note 6 below)	Acquisition by Scheme of Amalgamation	For the year	Depreciation write back	On assets Sold/Retired/adjusted during the year	As at 31st March, 2009 (Note 6 below)	Written down value as at 31st March, 2009	Written down value as at 31st March, 2008
Intangibles													
Trade Mark [Brand] [Refer Note 1 below]	5000.00	-	-	-	5000.00	812.50	-	250.00	-	-	1062.50	3937.50	4187.50
Goodwill [Refer Note 2 below]	20.44	-	-	-	20.44	15.33	-	5.11	-	-	20.44	-	5.11
Tangibles													
Estate and Development	88282.11	-	110.58	7.35	88385.34	2450.47	-	-	-	-	2450.47	85934.87	85831.64
Land - Freehold	2981.83	-	-	-	2981.83	-	-	-	-	-	-	2981.83	2981.83
Buildings	49291.50	-	1301.96	1.61	50591.85	13386.86	-	1001.01	-	0.37	14387.50	36204.35	35904.64
Plant and Machinery	27413.50	-	2131.15	466.76	29077.89	15923.30	-	1431.31	-	170.15	17184.46	11893.43	11490.20
Motor and Other Vehicles	4424.49	-	450.83	253.59	4621.73	2643.06	-	301.89	-	177.60	2767.35	1854.38	1781.43
Furniture and Fittings	1496.42	-	71.47	67.87	1500.02	820.80	-	66.25	-	56.52	830.53	669.49	675.62
31st March, 2009	178910.29	-	4065.99	797.18	182179.10	36052.32	-	3055.57	-	404.64	38703.25	143475.85	142857.97
31st March, 2008	170864.99	7366.09	4213.40	3534.19	178910.29	32060.49	1914.83	2970.78	609.80	283.98	36052.32	142857.97	

Notes:

- The above represents the trade mark (Brand - WM logo) acquired in January 2005 and the same 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.
- Goodwill is being amortised over a period of 4 years.
- Conveyance deed is pending execution for :-
 - Jaibirpara Tea estate for Rs. 293 lakhs (31.03.08 - Rs. 293 lakhs).
 - Cost of flats acquired for Rs. 30 lakhs (31.03.08 - Rs. 30 lakhs).
- Certain tea estates are mortgaged by way of first charge in favour of banks for the loan availed by Eveready Industries India Limited, the outstanding amount of which is Rs. 1952.00 lakhs (31.03.08 - Rs. 2929.51 lakhs).
- Includes Capital Subsidy of Rs. 231.29 lakhs (31.03.08 - Rs. 156.83 lakhs)
- The opening and closing balance of Depreciation and Amortisation includes an Impairment Loss as set out below:-

	Impairment Loss as at 31st March, 2009 Rs. Lakhs	Impairment Loss as at 31st March, 2008 Rs. Lakhs
Estate and Development	2440.32	2440.32
Buildings	1217.25	1217.25
Plant and Machinery	362.43	362.43
	4020.00	4020.00



McLEOD RUSSEL INDIA LIMITED

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

	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
SCHEDULE 5		
INVESTMENTS		
[Note 1.3 on Schedule 17]		
In Equity Shares of Rs.10 each fully paid [except otherwise stated]		
Long Term Investments		
- Trade		
QUOTED		
Murablack India Limited 5,00,000 shares	-	-
McNally Bharat Engineering Co. Limited 3052295 Shares	131.25	131.25
Williamson Financial Services Limited 1666853 Shares	519.33	519.33
Eveready Industries India Limited 1663289 Shares	169.66	169.66
Kilburn Engineering Limited 848168 Shares	36.05	36.05
The Standard Batteries Limited 2007640 Shares of Rs. 0.50 each	-	-
Kilburn Chemicals Limited 350200 Shares	14.04	14.04
Kilburn Office Automation Limited 31340 Shares	1.27	1.27
UNQUOTED		
Babcock Borsig Limited 911987 Shares	91.73	91.73
Dewrance Macneill & Co. Limited 200000 Shares	-	-
Kilburn Electricals Limited 28000 Shares	-	-
Cosepa Fiscal Industries Limited 350000 Shares	-	-
Delhi Golf & County Club Private Limited 35750 Shares of Rs.100/- each	-	-
Project India Blend Private Limited 250000 Shares	8.25	8.25
D1 Williamson Magor Bio Fuel Limited 5350914 (31.03.2008 - 1649567) Shares [3701347 Shares acquired during the year]	1,605.27	494.87
Trans Global Projects (I) Pvt. Ltd Nil (31.03.2008 - 48980) Shares [Note 1]	-	4.90
- Others		
QUOTED		
Nucent Estate Limited Nil (31.03.2008 - 47000) Shares [Note 1]	-	-
Suryachakra Seafood Limited 400000 Shares	-	-
State Bank of Bikaner & Jaipur Limited Nil (31.03.08 - 85) Shares [Note 1] [85 shares of Rs.100 each split into 850 shares of Rs.10 each in October 2008]	-	0.23
Uniworth Limited Nil (31.03.08 - 5000) Shares [Note 1]	-	-
J.J.Financial Corporation Limited Nil (31.03.08 - 1000) Shares [Note 1]	-	0.01
Marigold Glass Industries Limited Nil (31.03.08 - 15000) Shares [Note 1]	-	-
Jindal Poly Films Limited 400 Shares	0.14	0.14
Carried Forward	2,576.99	1,471.73



McLEOD RUSSEL INDIA LIMITED

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

SCHEDULE 5 [Contd.]	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
Bought Forward	2,576.99	1,471.73
UNQUOTED		
Jalpaiguri Club Limited 523 Shares	-	-
Johnston Casting and Allied Industries Limited 3500 Shares	-	-
Nilpur Marketing Pvt. Limited 12500 Shares	1.25	1.25
Nilhat Shipping Company Limited 1000 Shares	0.10	0.10
Bengal Chamber of Commerce and Industry Nil (31.03.08 - 6 Nos. 6.5% Non-Redeemable Registered Debenture Stock 1962 of Rs.1000 each, fully paid) [written off during the year]	-	-
Woodlands Medical Centre Limited Rs. 89500 5% Non Redeemable Mortgage Debenture Stock	0.36	0.36
Rs.6600-1/2% Registered Mortgage Debenture	-	-
Thakurbari Club Limited 56 Preference Shares of Rs.100 each	-	-
CFL Capital Financial Services Ltd. 1154790 13% Redeemable Cumulative Preference Shares of Rs.100 each	1,160.56	1,160.56
- Investments in Government Securities		
QUOTED		
8% Government of India Loan - 2011	1.26	1.26
7% Government of India Loan - 2009	1.35	1.35
9% Government of India Loan - 2013	0.63	0.63
UNQUOTED		
National Defence Bond (Deposited with Excise Authorities)	0.02	0.02
- Investments in Subsidiaries		
UNQUOTED		
Borelli Tea Holdings Limited (U.K.) 278026 Shares	18,316.72	18,316.72
	22,059.24	20,953.98
Less : Provision for diminution in carrying amount of Investments	1,546.72	1,408.63
	20,512.52	19,545.35

Notes :

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

Name of the Company	No. of Shares
Trans Global Projects (I) Pvt. Ltd	48,980
Nucent Estate Limited	47,000
State Bank of Bikaner & Jaipur Limited	850
Uniworth Limited	5,000
J.J.Financial Corporation Limited	1,000
Marigold Glass Industries Limited	15,000

	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
Aggregate market value of quoted investments	1,826.68	6,691.99
Book Value of quoted investments	874.98	875.22
Period end gross diminution in carrying amount of quoted and unquoted investments	1,546.72	1,408.63
Book Value of unquoted investments	21,184.26	20,078.76

3. Following shares are pledged against loans availed by the Company

Name of the Company	Nos.	Nos.
McNally Bharat Engineering Company Limited	-	2055240
Babcock Borsig Limited	911987	911987
Borelli Tea Holdings Limited (U.K.)	83404	83404

**McLEOD RUSSEL INDIA LIMITED****Schedules annexed to Balance Sheet as at 31st March, 2009**

	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
SCHEDULE 6		
INVENTORIES		
At lower of cost or net realisable value		
Stores	3,863.12	2,326.57
Finished Goods	2,522.87	2,069.67
	<u>6,385.99</u>	<u>4,396.24</u>
SCHEDULE 7		
SUNDRY DEBTORS		
Secured - Considered Good		
Outstanding for a period exceeding six months	-	-
Other Debts	350.00	-
Unsecured - Considered Good		
Outstanding for a period exceeding six months [includes doubtful debts of Rs. Nil (31.03.08 - Rs. 28.59 lakhs)]	615.54	436.18
Other Debts [includes doubtful debts Rs. 100.00 lakhs (31.03.08 - Rs. Nil)]	1,680.70	2,412.31
	<u>2,646.24</u>	<u>2,848.49</u>
Less: Provision for doubtful debts	100.00	28.59
	<u>2,546.24</u>	<u>2,819.90</u>
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash in hand	62.74	84.12
Cheques in hand	1.06	-
Balances with Scheduled Banks on :		
Margin Money Accounts	49.11	49.11
Current Accounts	95.97	196.40
Fixed Deposit Accounts (Note 13 on Schedule 17)	2,810.00	110.00
Dividend Accounts	41.22	35.33
Escrow Accounts/Fractional Share Sale Proceeds Account	0.52	1.96
Balance with a Non - Scheduled Bank on Current Account		
ICICI Bank (UK) Plc. Limited	2.34	2.49
[Maximum amount outstanding at any time during the year Rs. 13.28 lakhs (31.03.08 - Rs. 9.94 lakhs)]		
	<u>3,062.96</u>	<u>479.41</u>
SCHEDULE 9		
OTHER CURRENT ASSETS		
Unsecured - Considered Good unless otherwise stated [Note 6 on Schedule 17]		
Interest Accrued on Loans and Deposits [including considered doubtful Rs. 173.35 lakhs (31.03.08 - Rs. 173.35 lakhs)]	2,613.30	2,599.58
Subsidies receivable from Government	1,734.54	1,914.66
Accrued duty exemption benefits pertaining to exports	552.86	702.00
	<u>4,900.70</u>	<u>5,216.24</u>
Less : Provision for doubtful interest receivable	173.35	173.35
	<u>4,727.35</u>	<u>5,042.89</u>



McLEOD RUSSEL INDIA LIMITED

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

	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
SCHEDULE 10		
LOANS AND ADVANCES		
Unsecured - Considered Good unless otherwise stated [Note 6 on Schedule 17]		
Loans [includes Rs. 198 lakhs (31.03.08 - Rs. 198 lakhs) - considered doubtful]	1,881.00	1,073.00
Advances recoverable in cash or in kind or for value to be received [includes Rs. 68.41 lakhs (31.03.08 - Rs. 181.21 lakhs) - considered doubtful] [Note (a) below]	5,186.67	6,493.83
Balance with Excise Authorities	19.97	10.77
Deposits [includes Rs. Nil (31.03.08 - Rs 2.81 lakhs) - considered doubtful] [Note (b) below]	1,593.77	1,529.66
	<u>8,681.41</u>	<u>9,107.26</u>
Less: Provision for doubtful loans, advances and deposits	266.41	382.02
	<u>8,415.00</u>	<u>8,725.24</u>

Notes: Includes -

(a) Advance against fixed assets Rs. 80.26 lakhs (31.03.08 - Rs. 525.52 lakhs)

(b) Rs. 473.39 lakhs (31.03.08 - Rs. 548.35 lakhs) with National Bank for Agriculture and Rural Development

SCHEDULE 11
CURRENT LIABILITIES

Sundry Creditors :

Due to Micro and Small Enterprise [Note 17 on Schedule 17]	7.97	0.85
Due to Others	11,129.75	8,641.28
Amount due to Subsidiary Company	118.44	-
Advances from Customers / Selling Agents	190.07	384.50
Investor Education and Protection Fund shall be credited by the following amounts namely (Note below)		
Unpaid Dividend	41.22	35.32
Unpaid Matured Deposits	2.07	2.70
Interest accrued on Unpaid Matured Deposits	0.84	1.60
Unclaimed Fractional Share Sale Proceeds	0.52	1.96
Interest accrued but not due on loans	159.67	102.68
	<u>11,650.55</u>	<u>9,170.89</u>

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

SCHEDULE 12
PROVISIONS

Provision for Income tax (Net of Advance Tax)	1,318.51	1,273.98
Provision for Fringe Benefit Tax (Net of Advance Tax)	199.13	114.13
Proposed Dividend	2,189.11	1,094.56
Provision for Tax on Proposed Dividend	599.48	296.49
Provision for Employee Benefits	5,220.20	5,345.94
Provision for Contingencies- [Note 6 on Schedule 17]		
Overdue loans and advances, interest receivable etc.	5,322.05	5,374.94
	<u>14,848.48</u>	<u>13,500.04</u>

**McLEOD RUSSEL INDIA LIMITED**Schedules annexed to Profit and Loss Account for
the Year ended 31st March, 2009

	Year ended 31st March 2009 Rs. Lakhs	Year ended 31st March 2008 Rs. Lakhs
SCHEDULE 13		
SALES		
Tea [including net exchange gain/(loss) Rs. (1463.95) lakhs (2007-08 - Rs. 213.37 lakhs)]	82,677.08	65,420.21
Other Sales	209.54	128.62
	<u>82,886.62</u>	<u>65,548.83</u>
SCHEDULE 14		
OTHER INCOME		
Sundry Income [Note below]	341.76	120.84
Subsidy on Orthodox Tea	166.68	105.53
Replantation Subsidy	216.26	317.09
Excise Duty Rebate	1.35	1.38
Accrued duty exemption entitlement relating to exports/ premium on sale thereof	1,277.83	999.80
Profit on disposal of fixed assets (Net)	-	1,908.23
Profit on acquisition of Land by the Government [Net of related cost and expenses aggregating Rs. Nil (2007-08 Rs. 459.58 lakhs)]	-	850.39
Profit on Sale of Long Term Trade Investments (Net)	5.80	115.70
Insurance Claims	59.91	80.25
Dividend on Long Term - Trade Investments (Gross)	32.36	63.83
Liabilities no longer required written back	626.42	108.90
	<u>2,728.37</u>	<u>4,671.94</u>

Note :

Includes Rs. Nil (2007-08 - Rs. 48.60 lakhs) being Provision for diminution in carrying amount of Investments written back.



McLEOD RUSSEL INDIA LIMITED

Schedules annexed to Profit and Loss Account
for the Year ended 31st March, 2009

	Year ended 31st March 2009		Year ended 31st March 2008	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
SCHEDULE 15				
EXPENSES				
Purchase of Tea		-		8.73
Salaries, Wages, Bonus etc.		24,054.55		22,041.70
Contribution to Provident and Other Funds		3,450.05		2,929.32
Labour and Staff Welfare		4,691.57		4,557.03
Purchase of Green Leaf		4,345.50		2,777.20
Consumption of Stores and Spare Parts		4,531.86		4,539.29
Power and Fuel		8,876.44		8,490.51
Rent		56.25		100.26
Repairs - Buildings		1,524.35		1,351.82
- Machinery		1,524.79		1,499.22
- Others		1,047.40		1,031.31
Insurance		315.88		289.27
Rates and Taxes [including wealth tax Rs. 30 lakhs (2007-08 - Rs. 22 lakhs)]		756.65		308.66
Excise Duty including Cess		233.15		231.25
Assam Green Leaf Cess		924.91		920.66
Travelling		866.05		585.79
Loss on disposal of Fixed Assets [net]		100.41		-
Legal and Professional Fees		712.69		938.80
Freight, Shipping and Selling Expenses [Net of Transport Subsidy Rs. 321.18 lakhs (2007-08 - Rs. 345.85 lakhs)]		4,978.94		4,270.34
Brokerage on Sales		418.04		298.16
Selling Agents' Commission		273.62		264.28
Provision for diminution in carrying amount of Long Term Investments		138.09		-
Bad Debts/Deposits/Advances/Other Current Assets written off	221.09		-	-
Less: Adjusted from Provisions (Note below)	221.09		-	-
Provision for doubtful debts & advances		124.00		16.00
Miscellaneous Expenses		1,450.09		1,322.83
		65395.28		58772.43
Note :				
comprises provision for contingencies Rs. 52.89 lakhs and provision for doubtful debts/advances Rs. 168.20 lakhs				
SCHEDULE 16				
INTEREST AND EXCHANGE FLUCTUATION [NET]				
Interest Charge				
On Fixed Loans		3,749.17		3,315.80
Others		2,180.18		1,873.11
Exchange Loss/(Gain) on Foreign Exchange Translation in respect of Loans		2,393.26		(591.97)
		8,322.61		4,596.94
Less : Interest Subsidy		344.39		724.29
		7,978.22		3,872.65
Less :				
Interest Income (Gross)				
On Deposits		130.63		137.80
[Tax deducted at source Rs. 11.74 lakhs (2007-08 - Rs. 16.83 lakhs)]				
On Loans		144.87		1.48
[Tax deducted at source Rs. 19.18 lakhs (2007-08 - Rs. Nil)]				
On Tax Refunds		44.83		11.79
		320.33		151.07
		7,657.89		3,721.58



Notes on Accounts for the year ended 31st March, 2009

Schedule 17

1. SIGNIFICANT ACCOUNTING POLICIES

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

1.1 Fixed Assets

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

1.2 Depreciation / Amortisation

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

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

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

1.3 Investments

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

1.4 Inventories

Inventories are valued as under :

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

1.5 Sales

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

1.6 Employee Benefits

a. Short Term Employee Benefits:

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



Notes on Accounts for the year ended 31st March, 2009

Schedule 17 [Contd.]

b. Post Employment Benefit Plans:

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

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

c. Other Long Term Employee Benefits (Unfunded):

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

1.7 Borrowing Cost

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

1.8 Research and Development

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

1.9 Recognition of Income and Expenditure

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

1.10 Accounting for Taxes on Income

Current Tax in respect of taxable income is recognised based on applicable tax rates and laws. Deferred Tax is recognised subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof. Fringe Benefit Tax is accounted for based on the estimated fringe benefits for the year as per the related provision of the Income-tax Act, 1961.

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]****1.11 Transactions in Foreign Currencies**

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

1.12 Derivative Instruments

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

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

1.13 Government Grants

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

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

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

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

3. Depreciation

Depreciation and Amortisation in the Profit and Loss Account comprises :

		Year ended 31st March 2009		Year ended 31st March 2008
		Rs. Lakhs		Rs. Lakhs
Depreciation and Amortisation for the Year (Schedule 4)		3055.57		2970.78
Depreciation Written back in relation to the previous year (Schedule 4)	-		(609.80)	
Less : Transfer to Revaluation Reserve	-	-	285.65	(324.15)
Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets (Schedule 2)		(451.20)		(464.34)
		2604.37		2182.29



Notes on Accounts for the year ended 31st March, 2009

Schedule 17 [Contd.]

4. Employee Benefits :

4.1 Post Employment Defined Contribution Plans:

During the year an amount of Rs. 2271.35 lakhs (31st March 2008 - Rs. 2173.71 lakhs) has been recognised as expenditure towards Defined Contribution plans of the Company.

4.2. Post Employment Defined Benefit Plans:

Gratuity (Funded)

The Company's gratuity scheme, a defined benefit plan, covers the eligible employees and is administered through certain gratuity fund trusts. Such gratuity funds, whose investments are managed by insurance companies/trustees themselves, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum limit of Rs. 3.50 lakhs. Vesting occurs upon completion of five years of service.

Superannuation (Funded)

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

Staff Pension – Type A (Funded)

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

Staff Pension – Type B (Unfunded)

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

Expatriate Pension (Unfunded)

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

Medical Insurance Premium Re-imburement (Unfunded)

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

The following Table sets forth the particulars in respect of Defined Benefit plans of the Company for the year ended 31st March 2009 and corresponding figures for the previous year.



Notes on Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

Description	Rs. Lakhs					
	Gratuity Fund		Superannuation Fund		Staff Pension Fund Type A	
	Funded		Funded		Funded	
	2009	2008	2009	2008	2009	2008
Changes in present value of defined benefit obligations during the year ended 31st March						
Present value of obligation at the beginning of the year	6628.54	6430.55	2418.93	2344.06	303.81	292.22
Interest Cost	498.53	511.36	177.94	193.62	24.29	24.57
Current Service Cost	421.78	431.95	-	3.68	17.10	11.89
Benefits Paid	793.80	829.13	389.26	132.39	0.40	6.32
Actuarial loss/(gain) on obligation	147.97	83.81	15.07	9.96	28.93	(18.55)
Present Value of obligation at the end of the year	6903.02	6628.54	2222.68	2418.93	373.73	303.81
Changes in the fair value of plan assets during the year ended 31st March						
Fair Value of Plan Assets at the beginning of the year	4540.70	4180.23	2203.06	1395.08	160.00	148.00
Expected Return on Plan Assets	363.26	376.22	176.25	122.25	12.80	13.32
Contributions	893.79	683.00	130.00	794.10	0.40	6.32
Benefits Paid	793.80	829.13	389.26	132.39	0.40	6.32
Actuarial gain/(loss) on Plan Asset	(51.77)	130.38	(88.31)	24.02	(58.99)	(1.32)
Fair Value of Plan Assets at the end of the year	4952.18	4540.70	2031.74	2203.06	113.81	160.00
Amount recognised in Balance Sheet						
Present Value of obligation at end of the year	6903.02	6628.54	2222.68	2418.93	373.73	303.81
Fair Value of Plan Asset at end of the year	4952.18	4540.70	2031.74	2203.06	113.81	160.00
Net Asset/(Liability) Recognised in Balance Sheet	(1950.84)	(2087.84)	(190.94)	(215.87)	(259.92)	(143.81)
Expense Recognised in Profit and Loss Account						
Current Service Cost	421.78	431.95		3.68	17.10	11.89
Interest Cost	498.53	511.36	177.94	193.62	24.29	24.57
Expected Return on Plan Assets	363.26	376.22	176.24	122.25	12.80	13.32
Actuarial loss/(gain) recognised in the year	199.75	(46.57)	103.38	(14.06)	87.92	(17.23)
Expense Recognised in Statement of Profit and Loss Account	@756.80	@ 520.52	@105.08	@ 60.99	@116.51	@ 5.91
@ included in Contribution to Provident and Other Funds (Schedule 15)						
Category of Plan Assets						
Investments in Bonds & Special Deposit	483.55	882.60	217.16	353.68		-
Investments with Life Insurance Corporation of India	1529.58	1402.52	178.93	249.05	113.81	160.00
Investments with other Insurance Companies	2915.46	2228.75	1587.79	1577.69		-
Others including Bank Balances	23.59	26.83	47.86	22.64		-
Total	4952.18	4540.70	2031.74	2203.06	113.81	160.00
Actual Return on Plan Assets	308.84	435.85	111.96	130.32	9.65	-
Principal Actuarial Assumptions						
Discount Rate	8.0	8.5	8.0	8.5	8.0	8.5
Inflation Rate	5.0	5.0	-	-	5.0	5.0
Return on Asset	8.0	9.0	8.0	9.0	8.0	9.0

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]**

Description	Staff Pension Fund Type B		Medical Liability		Benefit		Expatriate Pension Fund	
	Unfunded		Unfunded		Unfunded		Unfunded	
	2009	2008	2009	2008	2009	2008	2009	2008
Changes in present value of defined benefit obligations during the year ended 31st March								
Present value of obligation at the beginning of the year	2299.58	2238.90	282.50		288.22		156.19	217.53
Interest Cost	179.77	186.16	22.60		23.96		10.21	18.26
Current Service Cost	69.50	55.79	-		-		-	-
Benefits Paid	104.89	97.62	13.67		12.63		57.18	5.45
Actuarial loss/(gain) on obligation	(202.49)	(83.65)	(0.39)		(17.05)		(23.62)	(74.15)
Present Value of obligation at the end of the year	2241.47	2299.58	291.04		282.50		85.60	156.19

Amount recognised in Balance Sheet								
Present Value of obligation at end of the year	2241.47	2299.58	291.04		282.50		85.60	156.19
Fair Value of Plan Asset at end of the year	-	-	-		-		-	-
Net Asset/(Liability) Recognised in Balance Sheet	(2241.47)	(2299.58)	(291.04)		(282.50)		(85.60)	(156.19)

Expense Recognised in Profit and Loss Account								
Current Service Cost	69.50	55.79	-		-		-	-
Interest Cost	179.77	186.16	22.60		23.96		10.21	18.26
Expected Return on Plan Assets	-	-	-		-		-	-
Actuarial loss/(gain) recognised in the year	(202.49)	(83.65)	(0.39)		(17.05)		(23.62)	(74.15)
Expense Recognised in Statement of Profit and Loss Account	#46.78	# 158.30	*22.21		* 6.91		\$(13.41)	# (55.89)

included in Salaries, Wages, Bonus etc. (Schedule 15)

* included in Insurance (Schedule 15)

Principal Actuarial Assumptions									
Discount Rate	8.0	8.5			8.0	8.5		8.0	8.5
Inflation Rate	5.0	5.0			-	-		-	-

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

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

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

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



Notes on Accounts for the year ended 31st March, 2009

Schedule 17 [Contd.]

under The Employees' Provident Funds and Miscellaneous Provisions Act 1952 and shortfall, if any, on account of interest is to be made good by the Company.

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

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

The Company's contribution to the aforesaid provident fund for the year was Rs. 160.52 lakhs (31st March 2008 - Rs. 168.19 lakhs).

5. Pursuant to the Announcement on Accounting for Derivatives issued by ICAI in March, 2008, the Company has accounted for during the year losses amounting to Rs. 762.75 Lakhs (31st March, 2008- Rs. 26.01 Lakhs) in respect of outstanding derivative contracts. Such derivative loss has been included in Exchange Loss (net) (Schedule 16). Further, loss amounting to Rs. 178.77 Lakhs (31st March 2008-Rs. 39.55 Lakhs) on outstanding forward contracts relating to exports has been included in net exchange loss in Schedule 13.
6. There are certain overdue loans and advances, interest accrued on loans and other recoverable items aggregating Rs. 5322.05 lakhs (31st March 2008 - Rs. 5374.94 lakhs). These advances became overdue on account of the sluggish market conditions and the resultant difficulty in liquidating the assets by these parties. The management is actively continuing to pursue options for recovery of these loans and advances. As a measure of prudence, and in the management's best judgement Rs. 5322.05 lakhs (31st March 2008 - Rs. 5374.94 lakhs) are being held in provision for contingency, for overdue loans and advances etc. at the year end. (Refer Schedule 12 to Accounts).

7. Contingent Liabilities

7.1 Claims against the Company not acknowledged as debts : -

	31st March 2009	31st March 2008
	Rs. Lakhs	Rs. Lakhs
Sales Tax :	27.53	72.50
Electricity Dues :	29.27	29.27
Assam Pollution Control Board :	47.00	46.60
Income Tax :	124.62	93.90
Others :	1.83	2.33

7.2 Guarantees given on behalf of other companies to bank, Financial institutions etc. - limit Rs. 9450.00 lakhs (31st March 2008 - Rs. 9908.00 lakhs); Year end utilisation Rs. 2662.72 lakhs (31st March 2008 - Rs. 3418.42 lakhs)

7.3 Bank Guarantees Rs. 127.71 lakhs (31st March 2008 - Rs. 139.83 lakhs)

7.4 Bills Discounted - Rs. 2460.05 lakhs (31st March 2008- Rs. 989.82 lakhs)

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]****8. TAXATION**

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

8.2 Year end Deferred Tax balance comprises the following :-

	31 st March 2009		31 st March 2008	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Deferred Tax Liability				
i) Differences between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws		7140.72		6577.28
Deferred Tax Assets				
i) Unabsorbed tax losses / depreciation	851.86	*	803.23	
ii) Voluntary Retirement Compensation	14.10		23.23	
iii) Items allowed for tax purpose on payment	298.65		772.77	
iv) Others	723.75	1888.36	22.75	1621.98
Net Deferred Tax Liability		<u>5252.36</u>	<u>22.75</u>	<u>4955.30</u>

* Absorption expected based on future taxable income.

9. Estimated Capital Commitment on account of contracts remaining to be executed and not provided for at the year-end is Rs. 186.69 lakhs (31st March 2008 - Rs. 749.35 lakhs). Such commitment, net of advances, is Rs. 106.43 lakhs (31st March 2008 - Rs. 223.83 lakhs).

10. Advances include :-

Loan to directors Rs. 16.76 lakhs (31st March 2008 - Rs. 20.06 lakhs) [Maximum amount during the year Rs. 20.06 lakhs (31st March 2008 - Rs. 24.71 lakhs)] being originally initiated as advances to employees in the books of Eveready Industries India Limited, taken over in terms of a Scheme of Arrangement in 2004-05.

11. Business Segment

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

Geographical (Secondary) Segments

The geographical segments have been identified as follows :

(A) Sales revenue by geographical market:

	Year ended 31 st March 2009	Year ended 31 st March 2008
	Rs. Lakhs	Rs. Lakhs
- India	51193.59	50904.71
- Outside India	<u>31483.49</u>	<u>14515.50</u>
	<u>82677.08</u>	<u>65420.21</u>

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]****(B) Assets by geographical market:**

	As at 31st March 2009	As at 31st March 2008
	Rs. Lakhs	Rs. Lakhs
- India	190486.52	184661.89
- Outside India	<u>21.99</u>	<u>25.18</u>
	<u>190508.51</u>	<u>184687.07</u>

(C) Purchase of fixed assets by geographical market :

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
- India	4065.99	4213.40
- Outside India	<u>-</u>	<u>-</u>
	<u>4065.99</u>	<u>4213.40</u>

12. Information given in accordance with the requirement of Accounting Standard 18 on Related Party Disclosures prescribed under the Act : -**(A) List of Related Parties**Where control exists:

- Subsidiaries :

Borelli Tea Holdings Limited (BTHL)

Phu Ben Tea Company Limited (PBTCL) (acquired during the year by BTHL)

Others:

- Associate :

D1 Williamson Magor Bio Fuel Limited (D1) (with effect from June 2008)

- Key Management Personnel

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

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

Mr. B. M. Khaitan (BMK)
Mr. D. Khaitan (DK)Father of Mr. A. Khaitan
Brother of Mr. A. Khaitan**(B) Transactions / Balances with Subsidiary**

Name of Subsidiary	Nature of Transactions/Balances	Year ended 31st March 2009	Year ended 31st March 2008
		Rs. Lakhs	Rs. Lakhs
BTHL	Loan repaid	-	45.00
	Royalty	333.23	229.12
	Royalty payable	102.40	-
	Licence Fees	38.68	34.31
	Licence Fees payable	16.04	-
	Dividend Paid	270.67	270.67
	Security provided for Bank Guarantee (Note 13 below)	2543.25	-

Notes on Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]**(C) Transactions / Balances with Associate**

Name of Associate	Nature of Transactions/Balances	Year ended	Year ended
		31 st March 2009	31 st March 2008
		Rs. Lakhs	Rs. Lakhs
D1	Subscription in Share Capital during the year	1110.40	494.87
	Advance given and outstanding at the year end	25.74	
	Expenses incurred on their behalf and reimbursement received	44.42	

(D) Transactions / Balances with Key Management Personnel

	Remuneration		Loan Outstanding at	
	2008-09	2007-08	Year ended	Year ended
	Rs. Lakhs	Rs. Lakhs	31 st March 2009	31 st March 2008
			Rs. Lakhs	Rs. Lakhs
AK	160.68	109.93	-	-
RT	69.42	52.02	13.93	16.33
AM	60.37	44.52	2.83	3.73
KKB	69.43	51.56	-	-
Total	359.90	258.03	16.76	20.06

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

	Year ended	Year ended
	31 st March 2009	31 st March 2008
	Rs. Lakhs	Rs. Lakhs
Directors' Sitting Fees		
BMK	0.40	0.40
DK	0.40	0.30
Commission		
BMK	1.20	1.20
DK	1.20	1.20
Amount outstanding at year end		
BMK	1.20	1.20
DK	1.20	1.20

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

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

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]**

- 14.** In connection with an overseas acquisition of a subsidiary in 2005, the Income Tax authority has raised a demand of Rs.5278 lakhs subsequent to year end on the Company on account of alleged non-deduction of tax at source and interest thereon pertaining to the transaction. The Company has not admitted the said demand and initiated actions for challenging the same before the appropriate authorities. 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.

- 15.** Earnings per Share :

	Year ended 31 st March 2009	Year ended 31 st March 2008
a] Numerator used:		
Profit after Taxation (Rs. Lakhs)	8878.59	4721.06
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.	8.11	4.31

- 16.** Revenue Expenditure on Research and Development Rs. 82.85 lakhs (31st March 2008 - Rs.82.75 lakhs) represent subscription to Tea Research Association.

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

	As at 31 st March 2009 Rs. Lakhs	As at 31 st March 2008 Rs. Lakhs
(i) The principal amount and interest due thereon remaining unpaid to any supplier as at the end of the year.		
Principal	7.79	0.74
Interest	<u>0.18</u>	<u>0.11</u>
	7.97	0.85
(ii) The amount of interest accrued and remaining unpaid at the end of accounting year	0.18	0.11
(iii) The amount of interest paid by the buyer in terms of Section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.		
Principal	Nil	Nil
Interest	Nil	Nil

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

- 18. Auditors' Remuneration :**

	Year ended 31 st March 2009 Rs. Lakhs	Year ended 31 st March 2008 Rs. Lakhs
Audit Fees	23.00	23.00
Tax Audit Fees	10.00	10.00
Certification etc.	20.60	20.60
Out of Pocket Expenses	1.18	1.92
Service Tax	6.19	6.77

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]****19. Directors' Remuneration**19.1 Schedule of computation of Net Profit in accordance with Sections 198/349 of the Companies Act, 1956 for the purpose of Directors' remuneration for the year ended 31st March, 2009

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
Profit before Taxation as per Profit and Loss Account	10410.65	5188.14
Add: Wealth Tax	30.00	22.00
Compensation under Voluntary Retirement Scheme	1.28	25.32
Provision for diminution in carrying amount of Long Term Investment	138.09	-
Provision for doubtful debts/advances	124.00	16.00
	<u>293.37</u>	<u>63.32</u>
Less: Profit on Sale of Long Term Trade Investments (net)	5.80	115.70
Excess of sale value of fixed assets over original cost (capital profit)	-	1898.98
Provision for Contingencies written back	52.89	-
Profit on acquisition of land by Government	-	850.39
Provision for doubtful advances/deposits written back	168.20	-
Provision for diminution in carrying amount of Investments written back	-	48.60
	<u>226.89</u>	<u>2913.67</u>
	10477.13	2337.79
Add: Directors' Remuneration	375.20	274.13
Net Profit under Section 198 / 349	<u>10852.33</u>	<u>2611.92</u>

19.2 Details of Directors' Remuneration are given below:-

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
I. Wholetime Directors		
a) Salaries	165.00	117.00
b) Contribution to Provident Fund and other Funds	44.55	32.59
c) Allowances	123.15	81.63
d) Monetary Value of Perquisites	27.20	26.81
	<u>359.90</u>	<u>258.03</u>
II. Non-Wholetime Directors		
a) Director's Sitting Fees	5.70	6.50
b) Commission @ 1 % of Net Profit Under Section 198/349 = Rs. 108.52 Lakhs, which has been limited to	9.60	9.60
	<u>375.20</u>	<u>274.13</u>

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]****20. Consumption of Raw Material**

	Unit	2008 - 09		2007 - 08	
		Qty	Rs. Lakhs	Qty	Rs. Lakhs
a) Green Leaf (purchased and consumed)	Tonne	31945.31	4345.50	25151.13	2777.20
Green Leaf (plucked and consumed)	Tonne	308796.56	[Note (b) below]	315227.45	[Note (b) below]

b) Green Leaf plucked (being raw material consumed) were harvested in the Company's own estates as agricultural produce involving integrated activities of nursery, cultivation, growth etc., and utilised in the manufacture of tea and its value at the intermediate stage is not readily ascertainable.

21. Finished Goods Stock

		Opening Stock		Acquisition of stock through Scheme of Amalgamation		Closing Stock	
		Qty. Tonne	Rs. Lakhs	Qty. Tonne	Rs. Lakhs	Qty. Tonne	Rs. Lakhs
Tea	2008 - 09	2941.58	2069.67	-	-	3326.09	2522.87
(in Bulk)	2007 - 08	3532.18	2370.66	79.40	55.34	2941.58	2069.67

22. Capacities and Production

Class of Good - Tea (in Bulk)	Unit	Year ended	Year ended
		31 st March 2009	31 st March 2008
a) Licensed / Regd. Capacity	Tonne	Not Applicable	Not Applicable
b) Installed Capacity (Note below)	Tonne	85970.00	82600.00
c) Saleable Production	Tonne	74846.61	74381.63

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

23. Purchase of Finished Goods

	Unit	Year ended	Year ended
		31 st March 2009	31 st March 2008
Tea (in Bulk)	Tonne	-	8.88

24. Details of Imports on CIF Basis

	Year ended	Year ended
	31 st March 2009	31 st March 2008
Components and Spare Parts	Rs. Lakhs 231.40	Rs. Lakhs 314.47
Capital Goods	22.43	357.29

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]****25. Sales**

	Year ended 31st March 2009	Year ended 31st March 2008
	Tonne	Tonne
Tea (in Bulk)	74462.10	75060.51

26. Consumption of Stores, Spare Parts and Components[including Rs. 1774.83 lakhs (31st March 2008 - Rs. 2116.42 lakhs) debited to other accounts]

	Year ended 31st March 2009		Year ended 31st March 2008	
	Rs. Lakhs	%	Rs. Lakhs	%
Imported	301.66	4.78	182.46	2.74
Indigenous	<u>6005.03</u>	<u>95.22</u>	<u>6473.25</u>	<u>97.26</u>
	<u>6306.69</u>	<u>100.00</u>	<u>6655.71</u>	<u>100.00</u>

27. Salaries, Wages and Bonus excludes Rs. 828.76 lakhs (31st March 2008 - Rs. 735.93 lakhs) and Stores and Spares consumed excludes Rs. 1774.83 lakhs (31st March 2008 - Rs. 2116.42 lakhs) debited to other accounts.

28. Expenditure in Foreign Currency

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
Consultancy (Net of Tax)	125.78	149.13
Pension	55.34	55.72
Travel	181.13	138.78
Selling Agents' Commission, Brokerage etc.	21.01	5.86
Royalty (Net of Tax)	181.36	195.15
Licence Fees (Net of Tax)	16.89	29.23
Others	14.16	16.74

29. Amount Remitted in Foreign Currency on account of :

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
Dividend	273.15	298.41
Year to which the dividend relates	Year Ended 31 st March 2008	Year Ended 31 st March 2007
Number of Non-Resident Shareholders	57	55
Number of Shares held by Non-Resident Shareholders	27314911	29840932

Notes on Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]****30. Earning in Foreign Currency**

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
Export of Goods calculated on FOB Basis	30839.63	13810.26

31. Disclosure in respect of Joint Venture:

31.1) Details of Joint Venture:

i) Name of the Company	Trans Global Logistics Pvt. Limited
ii) Proportion of ownership interest	48.98%
iii) Country of incorporation	India

The Investment in the joint venture was disposed off in March, 2009

31.2) The Company's financial interest in the Joint Venture:

	31 st March 2009 Share in Joint Venture	Rs. Lakhs 31 st March 2008 Share in Joint Venture
Sources of Fund :		
Shareholders' Funds		
Share Capital	-	4.90
Reserve and Surplus	-	<u>3.36</u>
		<u>8.26</u>
Application of Funds :		
Fixed Assets (Net Block)	-	0.08
Deferred Tax Asset	-	0.42
Current Assets, Loans and Advances	-	13.07
Less: Current Liabilities and Provisions	-	<u>5.31</u>
		<u>8.26</u>
Income		
Services Charges	-	80.14
Other Income	-	<u>1.13</u>
		81.27
Expenditure		
	-	<u>79.97</u>
Profit Before Tax	-	1.30
Provision for Tax	-	1.00
Profit After Tax	-	0.30

32. Items of Expenditure in the Profit and Loss Account include reimbursements to and by the Company.**33.** Previous year's figures have been rearranged / regrouped wherever necessary to make comparable with current year's figures.

Signatures to Schedules 1 to 17.

On behalf of the Board of Directors

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

Kolkata
3rd June, 2009



MCLEOD RUSSEL INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-2009		2007-2008	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		10410.65		5188.14
Adjustments for :				
Provision for Doubtful Debts and Advances		124.00		16.00
Provision for diminution in Investments		138.09		(48.60)
Liabilities no longer required written back		(626.42)		(108.90)
Refund of Dividend Tax		(157.39)		
Dividend on Long Term Trade Investments		(32.36)		(63.83)
Depreciation and Amortisation		2604.37		2182.29
(Profit) / Loss on sale of Long Term Trade Investments (Net)		(5.80)		(115.70)
Interest and foreign exchange fluctuation (Net)		7836.87		3761.68
(Profit) / Loss on disposal of Fixed Assets (Net)		100.41		(2758.62)
Operating Profit before Working Capital changes		20392.42		8052.46
Adjustments for :				
Trade and Other Receivables	944.41		(457.42)	
Inventories	(1989.75)		(12.33)	
Trade Payables	1922.85	877.51	(397.13)	(866.88)
Cash Generated from operations		21269.93		7185.58
Payment of Direct Taxes(Including Fringe Benefit Tax)		(1105.47)		(326.65)
Net Cash from Operating Activities		20164.46		6858.93
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets		(4183.26)		(4681.94)
Purchase of Investments		(1110.40)		(494.87)
Purchase of Investments in a subsidiary		-		(5538.76)
Disposal of Fixed Assets		57.16		2830.97
Capital Subsidy Received		231.29		156.83
Loans Recovered		(808.00)		120.00
Sale of Long Term Trade Investments		2.69		364.43
Interest received		306.61		127.34
Dividend received		32.36		63.83
Net cash from / (used for) Investing Activities		(5471.55)		(7052.17)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long-term borrowings		9820.57		1108.76
Proceeds from Short-term borrowings (Net)		-		8115.54
Repayment of Short Term Borrowings (Net)		(11,389.22)		-
Repayment of Long-term borrowings		(4109.93)		(3299.50)
Interest paid(Net of Subsidy)		(5430.25)		(4681.75)
Refund of Dividend Tax		157.39		
Dividend paid / Transferred to Investor Education and Protection Fund		(1088.66)		(1134.56)
Dividend Tax paid		(69.05)		(82.57)
Net cash from / (used for) financing activities		(12109.15)		25.92
D. EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON				
Cash and Cash Equivalents		(0.21)		(0.55)
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C+D)		2583.55		(167.87)
Cash and Cash Equivalents on Opening date (Schedule 8)		479.41		601.38
Add : Cash and Cash Equivalents acquired pursuant to Scheme of Amalgamation		-		45.90
Cash and Cash Equivalents on Closing date(Schedule 8)		3062.96		479.41
Changes in Cash and Cash Equivalents - Increase/ (Decrease)		2583.55		(167.87)

**McLEOD RUSSEL INDIA LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009 [Contd.]****Notes :**

1. The above Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statements prescribed under the Companies Act, 1956.
2. Also refer Notes 13 and 33 on Schedule 17.
3. Schedules 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 and on behalf of the Board of Directors

P. Law
Partner
Membership No. 51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata, 3rd June, 2009

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



McLEOD RUSSEL INDIA LIMITED

Schedules to Accounts

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

I. Registration Details

Registration No.

8 7 0 7 6

State Code :

2 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 0 9

Year

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

Public Issue

N I L

Rights issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities (including
Shareholders' Fund)

1 6 4 0 0 9 4 8

Total assets

1 6 4 0 0 9 4 8

Sources of Funds

Paid-Up Capital

5 4 7 2 7 9

Reserves and Surplus

1 1 1 7 4 8 5 1

Deferred Tax Liability

5 2 5 2 3 6

Secured Loans

3 8 5 3 5 8 2

Unsecured Loans

3 0 0 0 0 0

Application of Funds

Net Fixed Assets

1 4 4 8 5 8 4 5

Investments

2 0 5 1 2 5 2

+ -
√

Net Current Assets

1 3 6 1 4 9

Accumulated Losses

N I L

Misc. Expenditure

N I L

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

Turnover / Income

8 5 6 1 4 9 9

Total Expenditure(net of changes in stocks)

7 5 2 0 4 3 4

+ -
√

Profit Before Tax

1 0 4 1 0 6 5

+ -
√

Profit After Tax

8 8 7 8 5 9

(Please tick appropriate box

+ for Profit - for Loss)

(Please tick appropriate box

+ for Profit - for Loss)

Earning Per Share in Rs.

8 . 1 1

Dividend Rate %

4 0

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

Item Code No.

0 9 0 2 4 0 . 0 2

(ITC Code)

Product Description

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

A. Khaitan - Managing Director
K. K. Baheti - Wholetime DirectorKolkata,
3rd June, 2009

A. Guha Sarkar - Company Secretary

**McLEOD RUSSEL INDIA LIMITED****Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Company**

1 Name of the Subsidiary	Borelli Tea Holdings Ltd.	Phu Ben Tea Company Ltd. (Step down Subsidiary)
2 Country of Incorporation	U.K.	Vietnam
3 Financial year of the Subsidiary Company ends on	31-03-2009	31-12-2008
4 Reporting Currency	GBP	Vietnamese Dong (VND)
5 Holding Company's interest Percentage of Shareholding	100%	100%
6 The net aggregate amount of the Subsidiary's profit/(loss) so far as it concerns members of the Holding Company and is not dealt with in the Holding Company's accounts:		
i) for the financial year of the Subsidiary -- in equivalent Rs. Lakhs	(43.36)	N.A.
ii) for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary -- in equivalent Rs. Lakhs	3,322.24	N.A.
7 The net aggregate amount of the Subsidiary's profit/(loss) dealt with in the Holding Company's accounts:		
i) for the financial year of the Subsidiary	-	N.A.
ii) for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	-	N.A.
8 Whether there has been any, and, if so, what change in the holding company's interest in the subsidiary between the end of the financial year or of the last financial years of the subsidiary and the end of the holding company's financial year	N.A.	100%
9 Details of any material changes which have occurred between the end of the financial year or of the last of financial years of the subsidiary and the end of the holding company's financial year in respect of:-		
i) fixed assets	N.A.	-
ii) investments	N.A.	-
iii) moneys lent by the subsidiary	N.A.	-
iv) moneys borrowed by the subsidiary for any purpose other than that of meeting current liabilities	N.A.	-

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



**Consolidated
Financial Statements
with Auditors' Report**

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF McLEOD RUSSEL INDIA LIMITED**

1. We have audited the attached consolidated Balance Sheet of McLeod Russel India Limited (MRIL) and its subsidiaries (the Group) as at 31st March 2009, the consolidated Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, all of which we have signed under reference to this report. These financial statements are the responsibility of the MRIL's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements reflect total assets of Rs. 6,669.10 lakhs as at 31st March 2009 and total revenues of Rs. 642.58 lakhs and cash outflows of Rs. 770.65 lakhs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the management in accordance with the requirements of Accounting Standard (AS) 21 'Consolidated Financial Statements' and AS 23 'Accounting for Investments in Associates in Consolidated Financial Statements' prescribed under the Companies Act, 1956 of India.

**AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF McLEOD RUSSEL INDIA LIMITED (contd....)**

5. Based on our audit and on consideration of report of other auditors referred to in paragraph 3 above on separate financial statements and other financial information and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India.
- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2009;
 - (b) in the case of the Consolidated Profit and Loss Account, 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.

P. Law
Partner
Membership No. 51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Kolkata, 3rd June 2009.



McLEOD RUSSEL INDIA LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule	31st March 2009		31st March 2008	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1A	5472.79		5416.89	
Share Capital Suspense	1B	-		55.90	
Reserves and Surplus	2	114235.84	119708.63	109023.74	114496.53
Loan Funds	3				
Secured		38726.83		30702.10	
Unsecured		3000.00		15000.00	
			41726.83		45702.10
Deferred Tax Liability [Note 9.2 on Schedule 17]			5252.36		4955.30
			166687.82		165153.93
APPLICATION OF FUNDS					
Fixed Assets	4				
Gross Block		205780.26		198480.83	
Less : Depreciation and amortisation		41558.40		36599.80	
Net Block		164221.86		161881.03	
Capital Work-in-Progress		1679.15	165901.01	820.07	162701.10
Investments	5		1978.52		1228.63
Current Assets, Loans and Advances					
Inventories	6	6941.50		4396.24	
Sundry Debtors	7	2563.89		2819.90	
Cash and Bank Balances	8	3879.73		1973.28	
Other Current Assets	9	5681.01		6040.84	
Loans and Advances	10	8415.00		8725.45	
		27481.13		23955.71	
Less : Current Liabilities and Provisions					
Current Liabilities	11	13773.17		9179.42	
Provisions	12	14899.67		13552.09	
		28672.84		22731.51	
NET CURRENT ASSETS			(1191.71)		1224.20
			166687.82		165153.93
Notes on Consolidated Accounts	17				

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

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

P. Law
Partner
Membership No. 51790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants
Kolkata, 3rd June, 2009

For and on behalf of the Board of Directors

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



McLEOD RUSSEL INDIA LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule	Year ended	Year ended
		31st March 2009	31st March 2008
		Rs. Lakhs	Rs. Lakhs
INCOME			
Sales	13	82886.62	65548.83
Other Income	14	2728.37	4684.70
Closing Stock		2522.87	2069.67
		<u>88137.86</u>	<u>72303.20</u>
EXPENDITURE			
Opening Stock		2069.67	2370.66
Stock acquired Pursuant to Schemes of Amalgamation		-	55.34
Expenses	15	65088.63	58528.05
		<u>67158.30</u>	<u>60954.05</u>
Profit before Interest, Depreciation and Taxation		20979.56	11349.15
Interest and Exchange Fluctuation (Net)	16	7591.16	3684.41
Depreciation and Amortisation [Note 4(a) on Schedule 17]		3268.74	2460.51
Profit before Taxation and Share of Earnings from Associate		<u>10119.66</u>	<u>5204.23</u>
Taxation Charge			
Current Tax (Net of write back Rs. Nil - 2007-08 - Rs. 77.32 lakhs relating to earlier years)		1038.04	248.64
Deferred Tax		297.06	187.00
Fringe Benefit Tax		220.00	127.40
Profit after Taxation and before Share of Earnings from Associate		<u>8564.56</u>	<u>4641.19</u>
Share of Associate's Earnings / (Loss)		(217.28)	-
Profit after taxation and share of associate's Earnings / (Loss)		<u>8347.28</u>	<u>4641.19</u>
Balance brought forward from Previous Year		7313.82	6172.19
Balance added pursuant to Scheme of Amalgamation		-	510.35
Adjustment on account of Dividend (Note 18 on Schedule 17)		270.67	270.67
Balance available for Appropriations		<u>15931.77</u>	<u>11594.40</u>
Proposed Dividend		2189.11	1094.56
Tax on Proposed Dividend		372.04	186.02
Transfer to General Reserve		6000.00	3000.00
Balance carried forward to Balance Sheet		<u>7370.62</u>	<u>7313.82</u>
Earnings per share [Basic and Diluted - Rs.] [Note 16 on Schedule 17]		7.63	4.24
Notes on Consolidated Accounts	17		

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

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

P. Law
Partner
Membership No. S1790
For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For and on behalf of the Board of Directors
A. Khaitan - Managing Director
K. K. Baheti - Wholetime Director
A Guha Sarkar Company Secretary

**McLEOD RUSSEL INDIA LIMITED**

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

SCHEDULE 1A

	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
SHARE CAPITAL		
Authorised		
12,00,00,000 Equity Shares of Rs.5/- each	<u>6000.00</u>	<u>6000.00</u>
Issued, subscribed and paid-up		
1,00,33,705 Equity Shares of Rs 5/- each fully paid up	501.69	501.69
9,94,22,030 Equity Shares of Rs 5/- each fully paid up issued pursuant to Scheme of Arrangement/ Schemes of Amalgamation without payment being received in cash.	4971.10	4915.20
	<u>5472.79</u>	<u>5416.89</u>

SCHEDULE 1B**SHARE CAPITAL SUSPENSE**

11,18,028 Equity Shares of Rs. 5/- each, fully paid up to be issued pursuant to Scheme of Amalgamation without payment being received in cash (Allotted during the year)	<u>-</u>	<u>55.90</u>
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McLEOD RUSSEL INDIA LIMITED

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

SCHEDULE 2

RESERVES AND SURPLUS

	General Reserve	Securities Premium	Capital Reserve	Revaluation Reserve	Other Reserve *	Foreign Currency Translation Adjustment Account	Total
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Balance as per last Account	13686.88	11053.58	201.68	57743.03	19209.20	(184.45)	101709.92
Less : Surplus/(deficit) arising on disposal/scrapping of revalued assets transferred to Profit and Loss Account	-	-	-	3.68	-	-	3.68
Less : Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets [Note 4(a) on Schedule 17]	-	-	-	451.20	-	-	451.20
	13686.88	11053.58	201.68	57288.15	19209.20	(184.45)	101255.04
Add : Amount adjusted during the year	-	-	-	-	-	(389.82)	(389.82)
Add: Transferred from Profit and Loss Account	6000.00	-	-	-	-	-	6000.00
Add : Profit and Loss Account (31st March 2008 - Rs. 7313.82 lakhs)	-	-	-	-	-	-	7370.62
Balance as at 31st March, 2009	19686.88	11053.58	201.68	57288.15	19209.20	(574.27)	114235.84

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

**McLEOD RUSSEL INDIA LIMITED**

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

SCHEDULE 3

	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
LOAN FUNDS		
SECURED LOANS		
Cash Credit , Packing Credit and Demand Loans	12298.67	11496.88
TERM LOANS :		
Housing Development Finance Corporation Limited	2318.81	2717.61
HDFC Bank Ltd	6323.93	2317.45
Axis Bank Limited	6,500.00	-
ICICI Bank Limited	11243.95	10417.56
ICICI Bank Limited - Vehicle Loans	6.95	34.11
IL&FS Limited	-	1875.00
A Body Corporate	-	1769.00
Tea Board	34.52	74.49
	<u>38726.83</u>	<u>30702.10</u>
UNSECURED LOANS		
Short Term Loans		
HDFC Bank Limited	3000.00	8000.00
Axis Bank Limited	-	5000.00
Yes Bank Limited	-	2000.00
	<u>3000.00</u>	<u>15000.00</u>



McLEOD RUSSEL INDIA LIMITED
Schedules annexed to Consolidated Balance Sheet as at 31st March, 2009
SCHEDULE 4

Rs. in Lakhs

ASSETS	GROSS BLOCK AT COST OR VALUATION						DEPRECIATION / AMORTISATION						NET BLOCK		
	As at 31st March, 2008	Acquisition by Scheme of Amalgamation	Added on Consolidation [Note 2(b) on Schedule 17]	Additions during the year	Sales/Retirements/adjustments during the Year (Note 5 below)	As at 31st March, 2009 (Notes 3 and 4 below)	As at 31st March, 2008 (Note 8 below)	Acquisition by Scheme of Amalgamation	Added on Consolidation [Note 2(b) on Schedule 17]	For the year	Depreciation write back	On assets sold/Retired Adjusted during the year	As at 31st March, 2009 (Note 8 below)	Written down value as at 31st March, 2009	Written down value as at 31st March, 2008
Intangibles															
Trade Marks	7735.06	-	-	-	231.39 (Note 6 below)	7503.67 (Note 1 below)	1359.98	-	-	914.37 (Note 7 below)	-	89.99 (Note 6 below)	2184.36	5319.31	6375.08
Accounting Software and Upgrades	-	-	0.94	-	-	0.94	-	-	0.94	-	-	-	0.94	-	-
Goodwill (Note 2 below)	20.44	-	-	-	-	20.44	15.33	-	-	5.11	-	-	20.44	-	5.11
Goodwill on Consolidation	16835.49	-	397.36	-	-	17232.85	-	-	-	-	-	-	17232.85	16835.49	
Tangibles															
Estate and Development	88282.11	-	553.63	110.58	7.35	88938.97	2450.47	-	95.45	-	-	-	2545.92	86393.05	85831.64
Land - Freehold	2981.83	-	-	-	-	2981.83	-	-	-	-	-	-	2981.83	2981.83	
Buildings	49291.50	-	1225.94	1301.96	1.61	51817.79	13386.86	-	332.36	1001.01	-	0.37	14719.86	37097.93	35904.64
Plant and Machinery	27380.34	-	1869.04	2131.15	466.75	30913.78	15915.81	-	1,137.03	1431.31	-	170.15	18314.00	12599.78	11464.53
Motor and Other Vehicles	4424.49	-	62.47	450.83	253.59	4684.20	2643.06	-	56.61	301.89	-	177.60	2823.96	1860.24	1781.43
Furniture and Fittings	1529.57	-	152.62	71.47	67.87	1685.79	828.29	-	110.90	66.25	-	56.52	948.92	736.87	701.28
31st March, 2009	198480.83	-	4,262.00	4065.99	1028.56	205780.26	36599.80	-	1,733.29	3719.94	-	494.63	41558.40	164221.86	161881.03
31st March, 2008	190639.38	7,366.09	-	4213.40	3738.04	198480.83	32353.76	1,914.83	-	3249.00	609.80	307.99	36599.80	161881.03	-

Notes:

- The above comprise:
 - Trade Mark (Brand WM Logo) of Rs. 5000.00 lakhs (31.03.08 - Rs. 5000.00 lakhs) acquired by the Parent Company which is being amortised over a working life of 20 years on prudent basis based on the valuation obtained by the management considering the factor like effective life / utility; and
 - Other Trade Marks of Rs. 2503.67 lakhs (31.03.08 - Rs. 2735.06 lakhs) acquired by a subsidiary, which are being amortised over the expected economic lives of 5 to 20 years. Also refer Note 4 (b) on Schedule 17.
- Goodwill is being amortised over a period of 4 years.
- Conveyance deed is pending execution for following assets of the Parent Company :-
 - Jaibirpara Tea estate for Rs. 293 lakhs (31.03.08 - Rs. 293 lakhs).
 - Cost of flats acquired for Rs. 30 lakhs (31.03.08 - Rs. 30 lakhs).
- Certain tea estates of the Parent Company are mortgaged by way of first charge in favour of banks for the loan availed by Eveready Industries India Limited, the outstanding amount of which is Rs. 1952.00 lakhs (31.03.08 - 2929.51 lakhs)
- Includes Capital Subsidy of Rs. 231.29 lakhs (31.03.08 - Rs. 156.83 lakhs).
- Represent foreign exchange adjustment.
- Includes Prior Period Adjustment of Rs. 264.20 lakhs (31.03.08 - Rs. Nil) relating to a subsidiary.
- The opening and closing balance of Depreciation and Amortisation includes an Impairment Loss as set out below:-

	Impairment Loss as at 31st March, 2009 Rs. Lakhs	Impairment Loss as at 31st March, 2008 Rs. Lakhs
Estate and Development	2440.32	2440.32
Buildings	1217.25	1217.25
Plant and Machinery	362.43	362.43
	4020.00	4020.00



McLEOD RUSSEL INDIA LTD

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

SCHEDULE 5 INVESTMENTS	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
[Note 1.3 on Schedule 17]		
In Equity Shares of Rs.10 each fully paid (except otherwise stated)		
Long Term Investments		
- Trade		
QUOTED		
Murablack India Limited 5,00,000 shares	-	-
McNally Bharat Engineering Co. Limited 3052295 Shares (Note 1 below)	131.25	131.25
Williamson Financial Services Limited 1666853 Shares	519.33	519.33
Eveready Industries India Limited 1663289 Shares	169.66	169.66
Kilburn Engineering Limited 848168 Shares	36.05	36.05
The Standard Batteries Limited 2007640 Shares of Rs. 0.50 each	-	-
Kilburn Chemicals Limited 350200 Shares	14.04	14.04
Kilburn Office Automation Limited 31340 Shares	1.27	1.27
UNQUOTED		
Babcock Borsig Limited 911987 Shares [Note 1 below]	91.73	91.73
Dewrance Macneill & Co. Limited 200000 Shares	-	-
Kilburn Electricals Limited 28000 Shares	-	-
Cosepa Fiscal Industries Limited 350000 Shares	-	-
Delhi Golf & County Club Private Limited 35750 Shares of Rs.100/- each	-	-
Project India Blend Private Limited 250000 Shares	8.25	8.25
D1 Williamson Magor Bio Fuel Limited 5359014 (31.03.08 - 1649567) Shares (Note 3 below)	1,387.99	494.87
Trans Global Projects (I) Pvt. Ltd Nil (31.03.08 - 48980) Shares	-	4.90
- Others		
QUOTED		
Nucent Finance Limited Nil (31.03.08 - 47000) Shares	-	-
Suryachakra Seafood Limited 400000 Shares	-	-
State Bank of Bikaner & Jaipur Limited Nil (31.03.08 - 85) Shares [85 shares of Rs.100 each split into 850 shares of Rs.10 each in October 2008]	-	0.23
Uniworth Limited Nil (31.03.08 - 5000) Shares	-	-
J.J.Financial Corporation Limited Nil (31.03.08 - 1000) Shares	-	0.01
Marigold Glass Industries Limited Nil (31.03.08 - 15000) Shares	-	-
Jindal Polyfilms Limited 400 Shares	0.14	0.14
Carried Forward	2,359.71	1,471.73



McLEOD RUSSEL INDIA LTD

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

SCHEDULE 5 [Contd.]	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
Brought Forward	2,359.71	1,471.73
UNQUOTED		
Jalpaiguri Club Limited 523 Shares	-	-
Johnston Casting and Allied Industries Limited 3500 Shares fully paid	-	-
Nilpur Marketing Pvt. Limited 12500 Shares	1.25	1.25
Nilhat Shipping Company Limited 1000 Shares	0.10	0.10
Bengal Chamber of Commerce and Industry Nil (31.03.08 - 6 Nos. 6.5% Non-Redeemable Registered Debenture Stock 1962 of Rs.1000 each, fully paid)	-	-
Woodlands Medical Centre Limited Rs. 89500 5% Non Redeemable Mortgage Debenture Stock	0.36	0.36
Rs.6600-1/2% Registered Mortgage Debenture	-	-
Thakurbari Club Limited 56 Preference Shares of Rs.100 each	-	-
CFL Capital Financial Services Ltd. 1154790 13% Redeemable Cumulative Preference Shares of Rs.100 each	1,160.56	1,160.56
- Investments in Government Securities		
QUOTED		
8% Government of India Loan,2011	1.26	1.26
7% Government of India Loan,2009	1.35	1.35
9% Government of India Loan,2013	0.63	0.63
UNQUOTED		
National Defence Bond (Deposited with Excise Authorities)	0.02	0.02
	3,525.24	2,637.26
Less : Provision for diminution in carrying amount of Investments	1,546.72	1,408.63
	1,978.52	1,228.63
	31st March 2009	31st March 2008
Notes :		
1. Following Shares are pledged against loans availed by the Parent Company	Nos.	Nos.
McNally Bharat Engineering Company Limited	-	2055240
Babcock Borsig Limited	911987	911987
	31st March 2009	31st March 2008
	Rs. Lakhs	Rs. Lakhs
Aggregate market value of quoted investments	1,826.68	6,691.99
Book Value of quoted investments	874.98	875.22
Period end gross diminution in carrying amount of quoted and unquoted investments	1,546.72	1,408.63
Book Value of unquoted investments	2,650.26	1,762.04
3. Investment in D1 Williamson Magor Bio Fuel Limited (Associate Company) :		
[Note 2 (c) on Schedule 17]		
Share in Net Assets on Acquisition	1,148.08	
Add: Goodwill arising on Acquisition	457.19	
Cost of Investment	1,605.27	
Less : Group's share in loss for the year	217.28	
	1,387.99	

**McLEOD RUSSEL INDIA LIMITED****Schedules annexed to Consolidated Balance Sheet as at 31st March, 2009**

	31st March 2009	31st March 2008
	Rs. Lakhs	Rs. Lakhs
SCHEDULE 6		
INVENTORIES		
At lower of cost or net realisable value		
Stores	4039.07	2326.57
Finished Goods	2522.87	2069.67
Finished Goods added on consolidation [Note 2 (b) on Schedule 17]	379.56	-
	6941.50	4396.24
SCHEDULE 7		
SUNDRY DEBTORS		
Secured - Considered Good		
Outstanding for a period exceeding six months	-	-
Other Debts	350.00	-
Unsecured - Considered Good		
Outstanding for a period exceeding six months [includes doubtful debts of Rs. Nil (31.03.08 - Rs. 28.59 lakhs)]	620.13	436.18
Other Debts [includes doubtful debts Rs. 100.00 lakhs (31.03.08 - Rs. Nil)]	1693.76	2412.31
	2663.89	2848.49
Less : Provision for doubtful debts	100.00	28.59
	2563.89	2819.90
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash in hand	75.08	84.12
Cheques in hand	1.06	-
Balances with Scheduled Banks on :		
Margin Money Accounts	49.11	49.11
Current Accounts	97.06	197.49
Fixed Deposit Accounts (Note 14 on Schedule 17)	2810.00	110.00
Dividend Accounts	41.22	35.33
Escrow Accounts/Fractional Share Sale Proceeds Account	0.52	1.96
Balances with Non - Scheduled Banks on :		
Current Accounts	116.78	1,495.27
Term Deposit Account	688.90	-
	3879.73	1973.28
SCHEDULE 9		
OTHER CURRENT ASSETS		
Unsecured - Considered Good unless otherwise stated [Note 7 on Schedule 17]		
Book value of Investments held through Trust -2,70,67,500 (31.03.08 - 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 [Note below]	913.52	997.95
Interest Accrued on Loans and Deposits [including considered doubtful Rs. 173.35 lakhs (31.03.08 - Rs. 173.35 lakhs)]	2653.44	2599.58
Subsidies receivable from Government	1734.54	1914.66
Accrued duty exemption benefits pertaining to exports	552.86	702.00
	5854.36	6214.19
Less : Provision for doubtful interest receivable	173.35	173.35
	5681.01	6040.84

Note :

**McLEOD RUSSEL INDIA LIMITED****Schedules annexed to Consolidated Balance Sheet as at 31st March, 2009**

	31st March 2009 Rs. Lakhs	31st March 2008 Rs. Lakhs
SCHEDULE 10		
LOANS AND ADVANCES		
Unsecured - Considered Good unless otherwise stated [Note 7 on Schedule 17]		
Loans to bodies corporate	1881.00	1073.00
[includes Rs. 198 lakhs (31.03.08 - Rs. 198 lakhs) - considered doubtful]		
Advances recoverable in cash or in kind or for value to be received [includes Rs. 68.41 lakhs (31.03.08 - Rs. 181.21 lakhs) - considered doubtful] [Note (a) below]	5186.67	6494.04
Balance with Excise Authorities	19.97	10.77
Deposits	1593.77	1529.66
[includes Rs. Nil (31.03.08 - Rs 2.81 lakhs) - considered doubtful] [Note (b) below]		
	<u>8681.41</u>	<u>9107.47</u>
Less: Provision for doubtful loans, advances and deposits	266.41	382.02
	<u>8415.00</u>	<u>8725.45</u>

Notes: Includes -

- (a) Advance against fixed assets Rs. 80.26 lakhs (31.03.08 - Rs. 525.52 lakhs)
- (b) Rs. 473.39 lakhs (31.03.08 - Rs. 548.35 lakhs) with National Bank for Agriculture and Rural Development

SCHEDULE 11
CURRENT LIABILITIES

Sundry Creditors	13378.78	8,647.90
Advances from Customers / Selling Agents	190.07	384.50
Investor Education and Protection Fund shall be credited by the following amounts namely (Note below)		
Unpaid Dividend	41.22	35.32
Unpaid Matured Deposits	2.07	2.70
Interest accrued on Unpaid Matured Deposits	0.84	1.60
Unclaimed Fractional Share Sale Proceeds	0.52	1.96
Interest accrued but not due on loans	159.67	105.44
	<u>13773.17</u>	<u>9179.42</u>

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

SCHEDULE 12
PROVISIONS

Provision for Income Tax (Net of Advance Tax)	1318.51	1,326.03
Provision for Fringe Benefit Tax (Net of Advance Tax)	199.13	114.13
Proposed Dividend	2189.11	1,094.56
Provision for Tax on Proposed Dividend	599.48	296.49
Provision for Employee Benefits	5271.39	5,345.94
Provision for Contingencies- [Note 7 on Schedule 17] Overdue loans and advances, interest receivable etc.	5322.05	5374.94
	<u>14899.67</u>	<u>13552.09</u>

**McLEOD RUSSEL INDIA LIMITED****Schedules annexed to Consolidated Profit and Loss Account for
the Year ended 31st March, 2009**

	Year ended 31st March 2009 Rs. Lakhs	Year ended 31st March 2008 Rs. Lakhs
SCHEDULE 13		
SALES		
Tea [including net exchange gain/(loss) Rs. (1463.95) lakhs (2007-08 - Rs. 213.37 lakhs)]	82677.08	65420.21
Other Sales	209.54	128.62
	82886.62	65548.83
SCHEDULE 14		
OTHER INCOME		
Sundry Income [Note below]	341.76	133.60
Subsidy on Orthodox Tea	166.68	105.53
Replantation Subsidy	216.26	317.09
Excise Duty Rebate	1.35	1.38
Accrued duty exemption entitlements relating to exports / premium on sale thereof	1277.83	999.80
Profit on disposal of fixed assets (Net)	-	1,908.23
Profit on acquisition of Land by the Government (Net of related cost and expenses aggregating Rs. Nil 2007-08 - Rs. 459.58 lakhs)	-	850.39
Profit on Sale of Long Term Trade Investments (Net)	5.80	115.70
Insurance Claims	59.91	80.25
Dividend on Long Term Trade Investments (Gross)	32.36	63.83
Liabilities etc. no longer required written back	626.42	108.90
	2728.37	4684.70

Note :

Includes Rs. Nil (2007-08 - Rs. 48.60 lakhs) being Provision for diminution in carrying amount of Investments written back.

**McLEOD RUSSEL INDIA LIMITED****Schedules annexed to Consolidated Profit and Loss Account for the Year ended 31st March, 2009**

	Year ended 31st March 2009		Year ended 31st March 2008	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
SCHEDULE 15				
EXPENSES				
Purchase of Tea	-	-	8.73	
Salaries, Wages, Bonus etc.	24054.55		22041.70	
Contribution to Provident and Other Funds	3450.05		2929.32	
Labour and Staff Welfare	4691.57		4557.03	
Purchase of Green Leaf	4345.50		2777.20	
Consumption of Stores and Spare Parts	4531.86		4539.29	
Power and Fuel	8876.44		8490.51	
Rent	56.25		100.26	
Lease Rent	7.50		7.82	
Repairs - Buildings	1524.35		1351.82	
- Machinery	1524.79		1499.22	
- Others	1047.40		1031.31	
Insurance	315.88		289.27	
Rates and Taxes [including wealth tax Rs. 30 lakhs (2007-08 - Rs. 22 lakhs)]	756.65		308.66	
Excise Duty including Cess	233.15		231.25	
Assam Green Leaf Cess	924.91		920.66	
Travelling	907.02		585.79	
Loss on disposal of Fixed Assets (net)	100.41		-	
Legal and Professional Fees	724.24		943.85	
Freight, Shipping and Selling Expenses [Net of Transport Subsidy Rs. 321.18 lakhs (2007-08 - Rs. 345.85 lakhs)]	4607.03		4006.91	
Brokerage on Sales	418.04		298.16	
Selling Agents' Commission	273.62		264.28	
Provision for diminution in carrying amount of Investments	138.09		-	
Bad Debts/Deposits/Advances/Other Current Assets written off	221.09		-	
Less: Adjusted from Provisions (Note below)	221.09		-	
Provision for doubtful debts and advances	124.00		16.00	
Miscellaneous Expenses (Note below)	1455.33		1329.01	
	65088.63		58528.05	
Note :				
comprises provision for contingencies Rs. 52.89 lakhs and provision for doubtful debts/advances Rs. 168.20 lakhs written back				
SCHEDULE 16				
INTEREST AND EXCHANGE FLUCTUATION [NET]				
Interest Charge				
On Fixed Loans	3749.17		3315.80	
On Others	2180.18		1876.62	
Exchange loss / (gain) on Foreign Exchange Translation in respect of Loans etc.	2380.14		(591.97)	
	8309.49		4600.45	
Less : Interest Subsidy	344.39		724.29	
	7965.10		3876.16	
Less :				
Interest Income (Gross)				
On Deposit	184.24		178.48	
[Tax deducted at source Rs. 11.74 lakhs (2007-08 - Rs. 16.83 lakhs)]				
On Loans	144.87		1.48	
[Tax deducted at source Rs. 19.18 lakhs (2007-08 - Rs. Nil)]				
On Tax Refunds	44.83		11.79	
	373.94		191.75	
	7591.16		3684.41	



Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17

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

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

1.2 Depreciation / Amortisation

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

Tangible fixed assets of a subsidiary are depreciated using the straight-line method over the following estimated useful lives, which are different from those applied by the Parent Company:

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

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

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

1.3 Investments

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

1.4 Inventories

Inventories are valued as under :

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

1.5 Sales

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



Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

1.6 Employee Benefits

a. Short Term Employee Benefits:

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

b. Post Employment Benefit Plans:

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

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

c. Other Long Term Employee Benefits (Unfunded):

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

1.7 Borrowing Cost

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

1.8 Research and Development

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

1.9 Recognition of Income and Expenditure

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

1.10 Accounting for Taxes on Income

Current Tax in respect of taxable income is recognised based on applicable tax rates and laws. Deferred Tax is recognised subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting



Notes on Consolidated Accounts for the year ended 31st March, 2009

Schedule 17 [Contd.]

income, that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been substantially enacted by the Balance Sheet date. Deferred tax assets are recognised only if there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets will be realised. Such assets are reviewed as at each Balance Sheet date to reassess realisability thereof. Fringe Benefit Tax is accounted for based on the estimated fringe benefits for the year as per the related provision of the Income-tax Act, 1961 of India.

1.11 Transactions in Foreign Currencies

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

1.12 Derivative Instruments

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

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

1.13 Government Grants

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

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

1.14 Consolidation

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

- (a) The financial statements of the Parent Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after adjustments/elimination of inter-company balances, transactions including unrealised profit etc.
- (b) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances in all material respects and are presented to the extent required and possible, in the same manner as the Parent Company's separate financial statements.



Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

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

Name of the Company	Country of Incorporation
<i>Subsidiaries</i>	
i) Borelli Tea Holdings Limited (BTHL)	United Kingdom
ii) Phu Ben Tea Company Limited (Phu Ben)	Vietnam

The reporting date of Phu Ben is 31st December.

- (b) During the year, the Group has acquired a subsidiary, Phu Ben with effect from 4th March, 2009 through its another subsidiary BTHL. Pursuant to such acquisition, goodwill on consolidation Rs.397.36 lakhs (Schedule 4) has been accounted for in keeping with related accounting policy set out in Note 1.14 above. Such goodwill relating to Phu Ben has been ascertained on the basis of its financial statements as of 31st December, 2008.
- (c) The Consolidated Financial Statements also include the Group's interest in the following Associate Company accounted for under equity method based on its financial statements:

Associate	Country of Incorporation	Proportion of ownership interest As at 31 st March, 2009
D1 Williamson Bio Fuel Limited*	India	30.81%

* with effect from June 2008.



Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

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

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

4. (a) Depreciation

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

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
Depreciation and Amortisation for the Year (Schedule 4)	3719.94	3249.00
Depreciation Written back in relation to the previous year (Schedule 4)	-	(609.80)
Less : Transfer to Revaluation Reserve	-	(324.15)
Withdrawn on account of depreciation on amount added on Revaluation of Fixed Assets (Schedule 2)	(451.20)	(464.34)
	<u>3268.74</u>	<u>2460.51</u>

- (b) Pursuant to reassessment of estimated economic lives of Trade Marks (Schedule 4) belonging to a subsidiary during the year, the same have been revised from 10 years to 5 to 20 years. Such revision has resulted in an additional amortisation charge of Rs. 404.09 Lakhs, with corresponding unfavourable impact on the profit for the year and the year-end net assets.

5. Employee Benefits :

5.1 Post Employment Defined Contribution Plans:

During the year an amount of Rs 2271.35 lakhs (31st March 2008 - Rs. 2173.71 lakhs) has been recognised as expenditure towards Defined Contribution plans of the Parent Company.



Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

5.2. Post Employment Defined Benefit Plans:

Gratuity (Funded)

The Parent Company's gratuity scheme, a defined benefit plan, covers the eligible employees and is administered through certain gratuity fund trusts. Such gratuity funds, whose investments are managed by insurance companies/trustees themselves, make payments to vested employees or their nominees upon retirement, death, incapacitation or cessation of employment, of an amount based on the respective employee's salary and tenure of employment subject to a maximum limit of Rs. 3.50 lakhs. Vesting occurs upon completion of five years of service.

Superannuation (Funded)

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

Staff Pension – Type A (Funded)

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

Staff Pension – Type B (Unfunded)

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

Expatriate Pension (Unfunded)

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

Medical Insurance Premium Re-imbusement (Unfunded)

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

The following Table sets forth the particulars in respect of Defined Benefit plans of the Parent Company for the year ended 31st March 2009 and corresponding figures for the previous year.



Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

Description	Rs. Lakhs					
	Gratuity Fund		Superannuation Fund		Staff Pension Fund Type A	
	Funded		Funded		Funded	
	2009	2008	2009	2008	2009	2008
Changes in present value of defined benefit obligations during the year ended 31st March						
Present value of obligation at the beginning of the year	6628.54	6430.55	2418.93	2344.06	303.81	292.22
Interest Cost	498.53	511.36	177.94	193.62	24.29	24.57
Current Service Cost	421.78	431.95	-	3.68	17.10	11.89
Benefits Paid	793.80	829.13	389.26	132.39	0.40	6.32
Actuarial loss/(gain) on obligation	147.97	83.81	15.07	9.96	28.93	(18.55)
Present Value of obligation at the end of the year	6903.02	6628.54	2222.68	2418.93	373.73	303.81
Changes in the fair value of plan assets during the year ended 31st March						
Fair Value of Plan Assets at the beginning of the year	4540.70	4180.23	2203.06	1395.08	160.00	148.00
Expected Return on Plan Assets	363.26	376.22	176.25	122.25	12.80	13.32
Contributions	893.79	683.00	130.00	794.10	0.40	6.32
Benefits Paid	793.80	829.13	389.26	132.39	0.40	6.32
Actuarial gain/(loss) on Plan Asset	(51.77)	130.38	(88.31)	24.02	(58.99)	(1.32)
Fair Value of Plan Assets at the end of the year	4952.18	4540.70	2031.74	2203.06	113.81	160.00
Amount recognised in Balance Sheet						
Present Value of obligation at end of the year	6903.02	6628.54	2222.68	2418.93	373.73	303.81
Fair Value of Plan Asset at end of the year	4952.18	4540.70	2031.74	2203.06	113.81	160.00
Net Asset/(Liability) Recognised in Balance Sheet	(1950.84)	(2087.84)	(190.94)	(215.87)	(259.92)	(143.81)
Expense Recognised in Profit and Loss Account						
Current Service Cost	421.78	431.95	-	3.68	17.10	11.89
Interest Cost	498.53	511.36	177.94	193.62	24.29	24.57
Expected Return on Plan Assets	363.26	376.22	176.24	122.25	12.80	13.32
Actuarial loss/(gain) recognised in the year	199.75	(46.57)	103.38	(14.06)	87.92	(17.23)
Expense Recognised in Statement of Profit and Loss Account	@756.80	@ 520.52	@105.08	@ 60.99	@116.51	@ 5.91
@ included in Contribution to Provident and Other Funds (Schedule 15)						
Category of Plan Assets						
Investments in Bonds & Special Deposit	483.55	882.60	217.16	353.68	-	-
Investments with Life Insurance Corporation of India	1529.58	1402.52	178.93	249.05	113.81	160.00
Investments with other Insurance Companies	2915.46	2228.75	1587.79	1577.69	-	-
Others including Bank Balances	23.59	26.83	47.86	22.64	-	-
Total	4952.18	4540.70	2031.74	2203.06	113.81	160.00
Actual Return on Plan Assets	308.84	435.85	111.96	130.32	9.65	-
Principal Actuarial Assumptions						
Discount Rate	8.0	8.5	8.0	8.5	8.0	8.5
Inflation Rate	5.0	5.0	-	-	5.0	5.0
Return on Asset	8.0	9.0	8.0	9.0	8.0	9.0

Notes on Consolidated Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]**

Description	Staff Pension Fund		Medical Liability	Benefit	Expatriate Pension Fund	
	Type B				Unfunded	
	Unfunded	Unfunded			Unfunded	Unfunded
	2009	2008	2009	2008	2009	2008
Changes in present value of defined benefit obligations during the year ended 31st March						
Present value of obligation at the beginning of the year	2299.58	2238.90	282.50	288.22	156.19	217.53
Interest Cost	179.77	186.16	22.60	23.96	10.21	18.26
Current Service Cost	69.50	55.79	-	-	-	-
Benefits Paid	104.89	97.62	13.67	12.63	57.18	5.45
Actuarial loss/(gain) on obligation	(202.49)	(83.65)	(0.39)	(17.05)	(23.62)	(74.15)
Present Value of obligation at the end of the year	2241.47	2299.58	291.04	282.50	85.60	156.19

Amount recognised in Balance Sheet						
Present Value of obligation at end of the year	2241.47	2299.58	291.04	282.50	85.60	156.19
Fair Value of Plan Asset at end of the year	-	-	-	-	-	-
Net Asset/(Liability) Recognised in Balance Sheet	(2241.47)	(2299.58)	(291.04)	(282.50)	(85.60)	(156.19)

Expense Recognised in Profit and Loss Account						
Current Service Cost	69.50	55.79	-	-	-	-
Interest Cost	179.77	186.16	22.60	23.96	10.21	18.26
Expected Return on Plan Assets	-	-	-	-	-	-
Actuarial loss/(gain) recognised in the year	(202.49)	(83.65)	(0.39)	(17.05)	(23.62)	(74.15)
Expense Recognised in Statement of Profit and Loss Account	#46.78	# 158.30	*22.21	* 6.91	\$(13.41)	# (55.89)

included in Salaries, Wages, Bonus etc. (Schedule 15)

* included in Insurance (Schedule 15)

Principal Actuarial Assumptions						
Discount Rate	8.0	8.5	8.0	8.5	8.0	8.5
Inflation Rate	5.0	5.0	-	-	-	-

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

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

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

Provident Fund:

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



Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

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

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

The Parent Company's contribution to the aforesaid provident fund for the year was Rs. 160.52 lakhs (31st March 2008 - Rs. 168.19 lakhs).

- 5.3** BTHL, the subsidiary company did not have any employees during the year and the previous year
- 6.** Pursuant to the Announcement on Accounting for Derivatives issued by ICAI in March, 2008, the Parent Company has accounted for during the year losses amounting to Rs. 762.75 lakhs (31st March 2008 - Rs. 26.01 lakhs) in respect of outstanding derivative contracts. Such derivative loss has been included in Exchange Loss (net) (Schedule 16). Further, loss amounting to Rs. 178.77 lakhs (31st March 2008 - Rs. 39.55 lakhs) on outstanding forward contracts relating to exports has been included in net exchange loss in Schedule 13.
- 7.** There are certain overdue loans and advances, interest accrued on loans and other recoverable items aggregating Rs. 5322.05 lakhs (31st March 2008 - Rs. 5374.94 lakhs). These advances became overdue on account of the sluggish market conditions and the resultant difficulty in liquidating the assets by these parties. The management is actively continuing to pursue options for recovery of these loans and advances. As a measure of prudence, and in the management's best judgement Rs. 5322.05 lakhs (31st March 2008 -Rs. 5374.94 lakhs) are being held in provision for contingency, for overdue, loans and advances etc. at the year end. (Refer Schedule 12 to Accounts).

8. Contingent Liabilities

8.1 Claims against the Company not acknowledged as debts : -

	31st March 2009	31st March 2008
	Rs. Lakhs	Rs. Lakhs
Sales Tax :	27.53	72.50
Electricity Dues :	29.27	29.27
Assam Pollution Control Board :	47.00	46.60
Income Tax :	124.62	93.90
Others :	1.83	2.33

8.2 Guarantees given on behalf of other companies to bank, Financial institutions etc. limit Rs. 9450.00 lakhs (31st March 2008 - Rs. 9908.00 lakhs); Year end utilisation Rs. 2662.72 lakhs (31st March 2008 - Rs. 3418.42 lakhs)

8.3 Bank Guarantees Rs. 127.71 lakhs (31st March 2008 - Rs. 139.83 lakhs)

8.4 Bills Discounted - Rs. 2460.05 lakhs (31st March 2008- Rs. 989.82 lakhs)



Notes on Consolidated Accounts for the year ended 31st March, 2009

Schedule 17 [Contd.]

9. TAXATION

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

9.2 Year end Deferred Tax balance comprises the following : -

	31st March 2009		31st March 2008	
	Rs.	Rs.	Rs.	Rs.
	Lakhs	Lakhs	Lakhs	Lakhs
Deferred Tax Liability				
i) Differences between net book value of depreciable capital assets as per books vis-à-vis written down value as per tax laws		7140.72		6577.28
Deferred Tax Assets				
i) Unabsorbed tax losses / depreciation	851.86	*	803.23	
ii) Voluntary Retirement Compensation	14.10		23.23	
iii) Items allowed for tax purpose on payment	298.65		772.77	
iv) Others	<u>723.75</u>	1888.36	<u>22.75</u>	<u>1621.98</u>
Net Deferred Tax Liability		<u>5252.36</u>		<u>4955.30</u>

* Absorption expected based on future taxable income.

10. Estimated capital commitment on account of contracts remaining to be executed and not provided for at the year- end is Rs. 186.69 lakhs (31st March 2008 - Rs. 749.35 lakhs). Such commitment, net of advances is Rs. 106.43 lakhs (31st March 2008 - Rs. 223.83 lakhs).

11. Advances include :-

Loan to directors Rs. 16.76 lakhs (31st March 2008 - Rs. 20.06 lakhs) [Maximum amount during the year Rs. 20.06 lakhs (31st March 2008 - Rs. 24.71 lakhs)] being originally initiated as advances to employees in the books of Eveready Industries India Limited, taken over in terms of a Scheme of Arrangement in 2004-05.

12. Business Segment

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

Geographical (Secondary) Segments

The geographical segments have been identified as follows :

Notes on Consolidated Accounts for the year ended 31st March, 2009**Schedule 17 [Contd.]****(A) Sales revenue by geographical market:**

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
- India	51193.59	50904.71
- Outside India	<u>31483.49</u>	<u>14515.50</u>
	<u>82677.08</u>	<u>65420.21</u>

(B) Assets by geographical market:

	As at 31st March 2009	As at 31st March 2008
	Rs Lakhs	Rs Lakhs
- India	190486.52	183180.66
- Outside India	<u>4874.14</u>	<u>4704.78</u>
	<u>195360.66</u>	<u>187885.44</u>

(C) Purchase of fixed assets by geographical market :

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs Lakhs	Rs Lakhs
- India	4065.99	4213.40
- Outside India	<u>-</u>	<u>-</u>
	<u>4065.99</u>	<u>4213.40</u>

13. Information given in accordance with the requirement of Accounting Standard 18 on Related Party Disclosures prescribed under the Act : -**(A) List of Related Parties**

- Key Management Personnel (of the Parent Company)

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

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

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

Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

(B) Transactions / Balances with Key Management Personnel

	Remuneration		Loan Outstanding at	
	2008-09 Rs. Lakhs	2007-08 Rs. Lakhs	Year ended 31 st March 2009 Rs. Lakhs	Year ended 31 st March 2008 Rs. Lakhs
AK	160.68	109.93	-	-
RT	69.42	52.02	13.93	16.33
AM	60.37	44.52	2.83	3.73
KKB	69.43	51.56	-	-
Total	359.90	258.03	16.76	20.06

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

	Year ended 31 st March 2009 Rs. Lakhs	Year ended 31 st March 2008 Rs. Lakhs
Directors' Sitting Fees		
BMK	0.40	0.40
DK	0.40	0.30
Commission		
BMK	1.20	1.20
DK	1.20	1.20
Amount outstanding at year end		
BMK	1.20	1.20
DK	1.20	1.20

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

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

15. In connection with an overseas acquisition of a subsidiary in 2005, the Income Tax authority has raised a demand of Rs.5278 lakhs subsequent to year end on the Parent Company on account of alleged non-deduction of tax at source and interest thereon pertaining to the transaction. The Parent Company has not admitted the said demand and initiated actions for challenging the same before the appropriate authorities. 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 on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

16. Earnings per Share :

	Year ended 31st March 2009	Year ended 31st March 2008
a] Numerator used:		
Profit after Taxation (Rs. Lakhs)	8347.28	4641.19
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.	7.63	4.24

17. Revenue Expenditure on Research and Development Rs. 82.85 lakhs (31st March 2008 - Rs. 82.75 lakhs) represent subscription to Tea Research Association.

18. Dividend for the year 2007-08 amounting to Rs. 270.67 lakhs paid during the year by the Parent Company on its Equity Shares held by its Subsidiary has been adjusted against the opening balance of the Profit and Loss Account.

19. Lease Commitments:

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

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

	Year ended 31st March 2009	Year ended 31st March 2008
	Rs. Lakhs	Rs. Lakhs
Lease Rent	7.50	7.82
The future minimum lease commitment of the Group is as under :		
Up to one year	7.01	7.69
More than one year and up to three years	-	14.74

20. Disclosure in respect of Joint Venture:

The Investment in the joint venture was disposed off in March, 2009

20.1 Details of Joint Venture:

i) Name of the Company	Trans Global Logistics Pvt. Limited (TGPIPL)
ii) Proportion of ownership interest	48.98% (up to 26 th March, 2009)
iii) Country of incorporation	India



Notes on Consolidated Accounts for the year ended 31st March, 2009
Schedule 17 [Contd.]

20.2 The Group's financial interest in the Joint Venture:

	31 st March 2009 Share in joint Venture	Rs. Lakhs 31 st March 2008 Share in joint Venture
Sources of Fund :		
Shareholders' Funds		
Share Capital	-	4.90
Reserve and Surplus	-	<u>3.36</u>
	-	<u>8.26</u>
Application of Funds :		
Fixed Assets (Net Block)	-	0.08
Deferred Tax Asset	-	0.42
Current Assets, Loans and Advances	-	13.07
Less: Current Liabilities and Provisions	-	<u>5.31</u>
	-	<u>8.26</u>
Income		
Services Charges	-	80.14
Other Income	-	<u>1.13</u>
	-	81.27
Expenditure		
	-	<u>79.97</u>
Profit Before Tax	-	1.30
Provision for Tax	-	1.00
Profit After Tax	-	0.30

20.3 The Group acquired the investment in TGPIPL during the previous year pursuant to a Scheme of Amalgamation and held the same with a view to its subsequent disposal. Accordingly it was excluded for the purpose of reporting in these financial statement using proportionate consolidation principle.

- 21.** The year-end Accumulated Depreciation includes Rs. 1732.34 lakhs (31.03.08 – Rs. Nil) computed by a subsidiary applying different rates as set out in Note 1.2 above. Has the depreciation rates of the Parent Company been applied by such subsidiary, the impact thereof on year-end accumulated depreciation is not ascertainable at this stage.
- 22.** Items of Expenditure in the Consolidated Profit and Loss Account include reimbursements to and by the Parent Company.
- 23.** Previous year's figures have been rearranged / regrouped wherever necessary to make comparable with current year's figures.

Signatures to Schedules 1 to 17.

On behalf of the Board of Directors

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

Kolkata
3rd June, 2009

**McLEOD RUSSEL INDIA LIMITED****CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009****2008-2009****Rs. Lakhs Rs. Lakhs****A. CASH FLOW FROM OPERATING ACTIVITIES**

Net Profit before tax		10119.66		5204.23
Adjustments for :				
Provision for Doubtful Debts and Advances		124.00		16.00
Provision for diminution in Investments		138.09		(48.60)
Liabilities no longer required written back		(626.42)		(108.90)
Refund of Dividend Tax		(157.39)		-
Dividend on Long Term Trade Investments		(32.36)		(63.83)
Depreciation and Amortisation		3268.74		2460.51
(Profit) /Loss on sale of Long Term Trade Investments (Net)		(5.80)		(115.70)
Interest and foreign exchange fluctuation (Net)		7783.25		3724.51
(Profit) / Loss on disposal of Fixed Assets (Net)		100.41		(2758.62)
Exchange difference on translation of foreign currency		(0.47)		(84.16)
Operating Profit before Working Capital changes		20711.71		8225.44
Adjustments for :				
Trade and Other Receivables	697.85		(380.86)	
Inventories	(1989.75)		(12.33)	
Trade Payables	2110.67	818.77	(392.52)	(785.71)
Cash Generated from operations		21530.48		7439.73
Payment of Direct Taxes(Including Fringe Benefit Tax)		(1179.48)		(370.56)
Net Cash from Operating Activities		20351.00		7069.17

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets		(4183.26)		(4681.94)
Purchase of Investments		(1110.40)		(494.87)
Purchase of Investments in a subsidiary [Note 2 (b) on Schedule 17]		(1200.57)		(5538.76)
Disposal of Fixed Assets		57.16		2830.97
Capital Subsidy Received		231.29		156.83
Loans Recovered		(808.00)		75.00
Sale of Long Term Trade Investments		2.69		364.43
Interest received		360.23		168.02
Dividend received		32.36		63.83
Net cash from / (used for) Investing Activities		(6618.50)		(7056.49)

C. CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from Long-term borrowings		9820.57		1108.76
Proceeds from Short-term borrowings (Net)		-		8115.54
Repayment of Short Term Borrowings (Net)		(11389.22)		-
Repayment of Long-term borrowings		(4109.93)		(3299.50)
Interest paid (Net of Subsidy)		(5430.25)		(4682.50)
Refund of Dividend Tax		157.39		-
Dividend paid / Transferred to Investor Education and Protection Fund		(817.99)		(863.89)
Dividend Tax paid		(69.05)		(82.57)
Net cash from / (used for) financing activities		(11838.48)		295.84

D. EFFECT OF FOREIGN EXCHANGE DIFFERENCE ON

Cash and Cash Equivalents		(81.12)		(76.34)
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Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C+D)		1812.90		232.18
Cash and Cash Equivalents on Opening date (Schedule 8)		1973.28		1695.20
Add : Cash and Cash Equivalents acquired pursuant to :				
- Consolidation [Note 2 (b) on Schedule 17]		93.55		-
- Scheme of Amalgamation		-		45.90
Cash and Cash Equivalents on Closing date(Schedule 8)		3879.73		1973.28
Changes in Cash and Cash Equivalents - Increase/ (Decrease)		1812.90		232.18



Notes :

1. The above Consolidated Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard 3 on Cash Flow Statements prescribed under the Companies Act, 1956 of India.
2. Also refer Note 14 and 23 on Schedule 17.
3. Schedules referred to above form an integral part of the Consolidated Cash Flow Statement.

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

(P.Law)
 Partner
 Membership No. 51790
 For and on behalf of
 PRICE WATERHOUSE
 Chartered Accountants
 Kolkata, 3rd June, 2009

For and on behalf of the Board of Directors

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

STATEMENT CONTAINING BRIEF FINANCIAL DETAILS OF BORELLI TEA HOLDINGS LIMITED, U.K. AND PHU BEN TEA COMPANY LIMITED, VIETNAM, THE SUBSIDIARIES OF THE COMPANY

The Company has made an application on 16th April 2009 to the Ministry of Corporate Affairs, Government of India pursuant to Section 212(8) of the Companies Act, 1956 seeking exemption from attaching the Balance Sheets, Profit & Loss Accounts and the Reports of the Directors and Auditors of its two Subsidiaries namely, Borelli Tea Holdings Limited, U.K. and Phu Ben Tea Company Limited, Vietnam with the Annual Report and Accounts of the Company in respect of the financial year ended 31st March 2009. The approval of the Ministry is awaited. In terms of usual requirement, a Statement containing brief financial details of the Subsidiary Companies are given hereunder :

Name of the Subsidiary Company	Borelli Tea Holdings Limited	Phu Ben Tea Company Limited
Reporting Currency	GBP	DONG (VND)
Financial Year ends on	31st March	31st December
Exchange Rate as on 31.03.2009	72.73	0.0029
	Rs. In Lakhs*	Rs. In Lakhs*
* Capital	202.21	2369.10
* Reserves	3986.68	(1764.19)
* Total Assets	4261.50	3014.88
* Total Liabilities	72.61	2409.97
* Investments	2035.39	-
* Turnover	362.12	3452.90
* Profit before Taxation	227.40	(93.58)
* Provision for Taxation	21.52	-
* Profit after Taxation	205.88	(93.58)
Proposed Dividend	-	-
Country	United Kingdom	Vietnam

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

The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to any member of the Company seeking such information at any point of time and are also available for inspection by any member of the Company at the Registered/Head Office of the Company. The Annual Accounts of the said Subsidiaries will also be available for inspection as above, at the Registered/Head Office of the Subsidiaries.


McLEOD RUSSEL INDIA LIMITED
Particulars of Tea Estates

<u>Locations</u>	<u>Estates</u>	<u>Area Under Tea (Hect.)</u>	<u>Saleable Production for 2008-09 (kgs.)</u>
Bishnauth	Dekorai	849.68	2380704
	Mijicajan	935.43	1952641
	Monabarle	1154.50	3282878
	Pertabghur	807.34	1451690
Dhunseri	Behora	697.56	1392354
	Bukhial	568.27	1110524
Doom Dooma	Baghjan	594.95	1431075
	Bordubi	880.38	1659077
	Koomsong	675.09	1506839
	Phillobari	398.61	1314978
	Beesakopie/Daimukhia	1232.68	1814419
	Samdang/Messaijan/Panikhowa	887.94	1279573
East Boroi	Raidang/Hansara	946.76	1953398
	Bargang	1008.03	2131337
	Behali	560.48	1787582
	Boroi	394.64	844798
	Dufflaghur	687.55	1539721
	Halem	565.97	1616265
Jorhat	Nya Gogra	630.43	1444938
	Hunwal	896.77	2002934
Mangaldai	Attareekhat	511.41	1752906
	Bhootiachang	599.32	1436911
	Borengajuli	610.00	1810948
	Corramore	466.43	1451886
	Dimakusi	433.35	1242922
	Paneery	416.36	1014016
Margherita	Bogapani	845.28	2414635
	Dehing	489.91	1300939
	Dirok	809.89	1669393
	Margherita	597.62	1512806
	Namdang	736.96	1629812
Moran	Attabarie	399.62	820654
	Dirai	690.97	1537855
	Lepetkatta	434.72	926953
	Moran	617.93	1252585
	Rajmai	467.57	1226778
Thakurbari	Sepon	602.04	1399824
	Addabarie	657.63	1188728
	Harchurah/Nilpur	443.80	1082409
	Phulbari	803.72	1670378
	Rupajuli	349.65	736748
	Tarajulie	474.80	922911
Tingri	Tezpore & Gogra	506.33	1077190
	Dirial	585.86	1540695
	Itakhooli	390.52	816121
	Keyhung	577.58	1404705
Dooars	Mahakali	577.41	846352
	Bhatpara	597.22	801724
	Central Dooars	776.93	1013557
	Chuapara	639.15	1272378
	Jainti/Chuniajhora	641.63	1117600
	Mathura	660.44	969344
	Jaibirpara	220.66	86218
		34005.77	74846606.00

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



McLeod Russel India Limited

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

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the Company will be held on Tuesday, 28th July 2009 at 11.00 a.m. at Kala Mandir, 48, Shakespeare Sarani, Kolkata-700 017 to transact the following business :-

1. To receive and adopt the Profit and Loss Account of the Company for the year ended 31st March 2009, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year ended 31st March 2009.
3. To appoint a Director in place of Mr. Deepak Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rajeev Takru who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Kamal Kishore Baheti who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

Special Business

To consider and, if thought fit, to pass with or without modification, the following resolutions:

7. As an Ordinary Resolution

"RESOLVED that Mr. Srikanth Narayan Menon, who holds office as an Additional Director up to the date of this Meeting pursuant to Article 120(1) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, be and is hereby appointed a Director of the Company."

8. As an Ordinary Resolution

"RESOLVED that Mr. Balaji Swaminathan, who holds office as an Additional Director up to the date of this Meeting pursuant to Article 120(1) of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, be and is hereby appointed a Director of the Company."

By Order of the Board
McLEOD RUSSEL INDIA LIMITED
A. GUHA SARKAR
Company Secretary

Kolkata, 3rd June 2009

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-700 001 not later than forty-eight hours before the Meeting.
- b) The relative Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 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 21st July, 2009 to 28th July, 2009 (both days inclusive).



- e) The dividend that may be declared by the Company at the Eleventh Annual General Meeting will be paid on or after 31st July 2009 to those Members of the Company holding shares in physical mode, whose names appear on the Register of Members as on 21st July 2009. In respect of the shares held in electronic form the dividend will be paid to the beneficial owners of the shares as on the beginning of 21st July 2009 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 Electronic Clearing Services (ECS), wherever ECS facility is available subject to availability of bank account details and 9 digit code number. 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.
- g) Members holding shares in physical form and desirous of having ECS facility, should provide their bank details and 9 digit code number to the Registrar & Share Transfer Agent of the Company immediately. The Members who have already given their bank details should furnish the same only if there is any change.
- h) Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Registrar & Share transfer Agent quoting their Folio Number. Members holding shares in dematerialized form, should intimate change of their address, if any, to their Depository Participant.
- i) In accordance with the provisions of Section 205C of the Companies Act, 1956 any amount of dividend remaining unpaid or unclaimed for a period of seven years from the date such dividend became due for payment shall be transferred to the investor Education and Protection Fund set up by the Government of India and no claims shall lie against the Fund or the Company in respect of individual amounts so transferred.
- Members of the Company and the persons who were the Members of the erstwhile Williamson Tea Assam Limited and 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 31.03.2002 and onwards as applicable, are requested to contact the Company forthwith.
- 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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NOS.7 & 8

Mr. Srikandath Narayan Menon and Mr. Balaji Swaminathan were appointed as Additional Directors of the Company on 29th July 2008 and 3rd October 2008 respectively.

In accordance with the provisions of Section 260 of the Companies Act, 1956 and Article 120(1) of the Articles of Association of the Company, the above Directors hold office till the date of the next Annual General Meeting.

The Company has received Notices from two Members in writing under Section 257 of the Companies Act, 1956 separately signifying their intentions to propose the aforesaid persons respectively for appointment to the office of Directors at the ensuing Annual General Meeting of the Company.

Keeping in view the qualifications and vast experience possessed by Mr. Menon and Mr. Swaminathan, your Directors feel that appointment of the said persons as Directors will be beneficial to the Company and accordingly recommend the resolutions set out in Item Nos. 7 and 8 of the Convening Notice for your approval.

Mr. Menon and Mr. Swaminathan are concerned or interested in the resolution relating to their respective appointments. Excepting the above no other Director of the Company is, in any way concerned or interested in the said resolutions.

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

1. 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 in depth 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	● Babcock Borsig Limited
● Eveready Industries India Limited	● McNally Bharat Engineering Co. Limited
● Williamson Financial Services Limited	● McNally Sayaji Engineering Limited
● Kilburn Engineering Limited	

Committee Memberships, if any, with position : Member of Audit Committee and Remuneration Committee of Babcock Borsig Limited

Shareholding in the Company : 55,018 Equity Shares of Rs.5/- each

2. 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 the field of Tea Garden Management and Tea Plantation activities. He has had in-depth exposure in administration and human resource development. He has held various senior positions in a number of Companies belonging to Williamson Magor Group. Mr. Takru is also associated with health and educational activities. He is on the Boards of Woodlands Medical Centre Limited and The Assam Valley School.

Directorships held in other Companies (excluding foreign Companies) :

● Dufflaghur Investments Limited	
● Seajuli Developers & Finance Limited	
● Woodlands Medical Centre Limited	

Committee Memberships, if any, with position : Nil

Shareholding in the Company : Nil

3. Name of Director : MR. KAMAL KISHORE BAHETI

Date of Birth : 17th January 1963

Qualification : B. Com. (Hons.), FCA, ACS, GRAD. CWA.

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 and Indian Chamber of Commerce.



Name of Director : **MR. KAMAL KISHORE BAHETI**

Directorships held in other Companies (excluding foreign Companies) :

- Williamson Financial Services Limited
- Dufflaghur Investments Limited
- Seajuli Developers & Finance Limited
- Majerhat Estates & Developers Limited
- Woodside Parks Limited
- Metals Centre Limited
- United Machine Co. Limited
- Ichamati Investments Private Limited
- Noble House Trading & Investments Limited
- Bonus Trading & Investments Private Limited
- Queens Park Property Co. Limited
- ABC Tea Workers Welfare Services
- Babcock Borsig Limited
- International Development And Engineering Associates Ltd

Committee Memberships, if any, with position : Member of Shareholders' Grievance Committee and Remuneration Committee of Williamson Financial Services Limited.

Shareholding in the Company : 102 Equity Shares of Rs.5/- each

4. Name of Director : **MR. SRIKANDATH NARAYAN MENON**

Date of Birth : 20th September 1946

Qualification : I.A.S. (Retd.)

Expertise : Mr. Menon by virtue of his long career in Indian Administrative Service gathered wide experience as an Administrator. He retired as Commerce Secretary, GOI in September 2006. Prior to this he was the Principal Secretary to Shri Jyoti Basu, former Chief Minister, West Bengal for over seven years. He had also exposure to Tea, Power and Industrial Financing during his service career. He was the Managing Director of West Bengal Industrial Development Corporation. Mr. Menon is the Chairman of the Advisory Committee, WTO Study Centre at the Indian Institute of Foreign Trade (IIFT), New Delhi.

Directorships held in other Companies :

- Nicco Parks & Resort Limited
- Bombay Stock Exchange Limited
- West Bengal State Electricity Distribution Company Limited
- Bengal Peerless Housing Development Company Limited
- Metrovalley Business Parks Private Limited
- Tayo Rolls Limited
- Voltas Limited

Committee Memberships, if any, with position : Member of Audit Committee of Tayo Rolls Limited.

Shareholding in the Company : Nil

5. Name of Director : **MR. BALAJI SWAMINATHAN**

Date of Birth : 19 March 1965

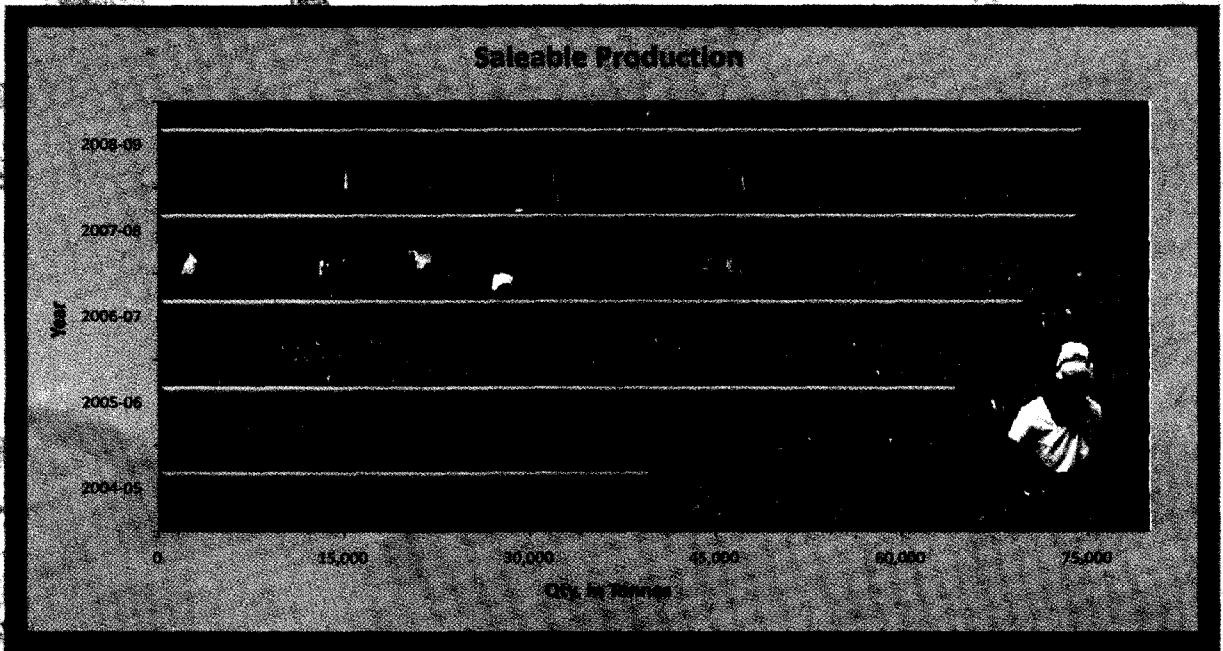
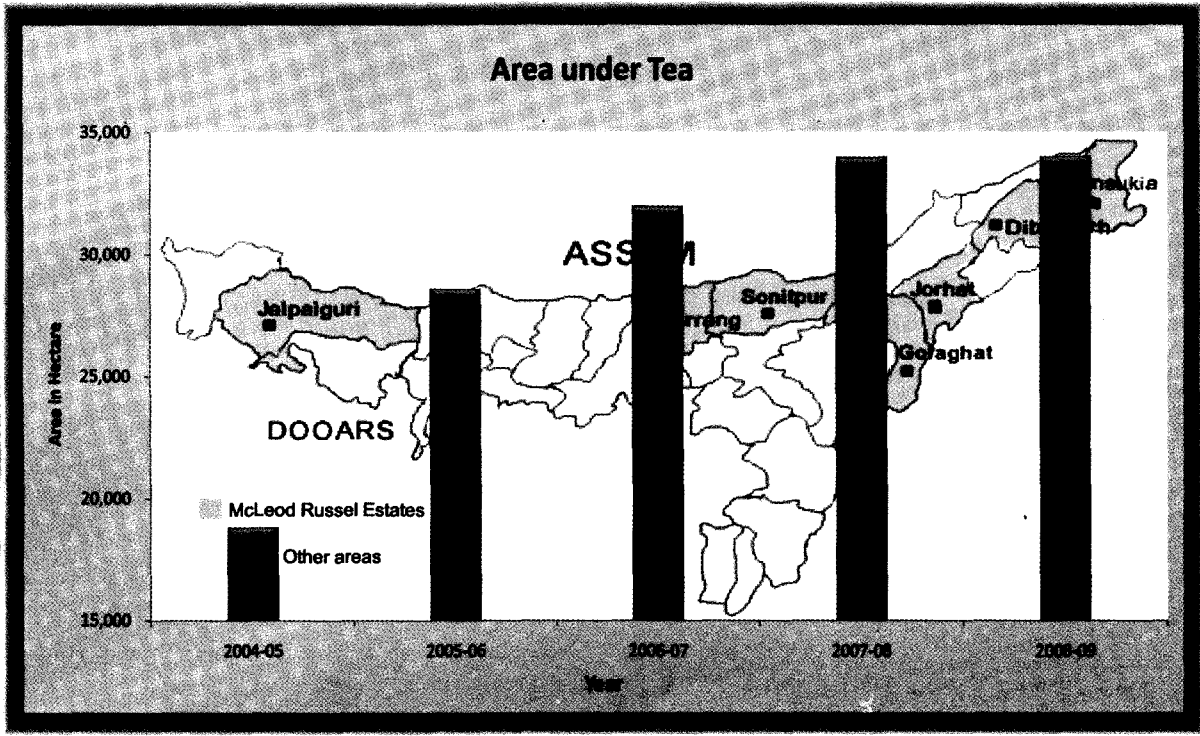
Qualification : B. Com., FCA, GRAD. CWA., Executive MBA (Harvard Business School)

Expertise : Mr. Swaminathan has very rich experience in various fields in Banking. Presently, he is the Senior Managing Director of Standard Chartered Bank responsible for Client Origination and Client Coverage Business for South East Asia and South Asia. Prior to this assignment he worked with ICICI Bank Limited in India for four years and rose to the position of the Head of Corporate and Institutional Bank Group. He had also acted as the Chief Financial Officer of the said Bank. Earlier he worked as a Partner of KPMG India after having started his career with M/s. Arthur Anderson and in the process gathered considerable experience in Corporate Audit work.

Directorships held in other Companies : Spice Gardens SPA & ECO Tourism Resorts Private Limited

Committee Memberships, if any, with position : Nil

Shareholding in the Company : 10,000 Equity Shares of Rs.5/- each





A MEMBER OF WILLIAMSON MAGOR GROUP