

## **ROSSELL TEA LIMITED**

### **BOARD OF DIRECTORS**

H. M. Gupta, Executive Chairman  
Dr. S. S. Bajjal, Director  
H. M. Parekh, Director  
P. L. Agarwal, Director  
R. N. Deogun, Director  
V. P. Agarwal, Director  
C. S. Bedi, Managing Director

### **VICE PRESIDENT (FINANCE) -CUM-COMPANY SECRETARY**

N. K. Khurana

### **AUDITORS**

S. S. Kothari & Co.

### **BANKER**

Development Credit Bank Ltd.  
HDFC Bank Ltd.  
IndusInd Bank Ltd.  
State Bank of India  
The Bank of Beirut (UK) Ltd.

### **REGISTERED OFFICE**

Jindal Towers,  
Block 'B', 4th Floor  
21/1A/3, Darga Road  
Kolkata 700 017

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## ROSSELL TEA LIMITED

### Notice to the Members

Notice is hereby given that the Fifteenth Annual General Meeting of Rossell Tea Limited, will be held on **Friday, the 31st July, 2009** at **4.00 P.M.** at **Kala Kunj, 48, Shakespeare Sarani, Kolkata 700 017**, to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2009 and Reports of the Directors and Auditors thereon.
2. To declare Dividend on the Equity Shares for the year ended 31st March, 2009.
3. To appoint a Director in place of Mr. H. M. Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following Resolutions:

#### 5.1 As a Special Resolution:

“RESOLVED THAT pursuant to provisions of sections 198, 269, 309, 310 and other applicable provisions, if any of the Companies Act, 1956 (the Act), the Company do re-appoint, Mr. H. M. Gupta, Managing Director designated as Executive Chairman for a further period of 3 (three) years from 1st May, 2009 to 30th April, 2012, on the terms and conditions, including remuneration effective from the date of his re-appointment as recommended by the Remuneration Committee, in accordance with Schedule XIII Part II Section II Clause 1 (B) of the Act and accepted by the Board as detailed here-in-below:

#### 1. Salary:

Rs.1,35,000 only per month in the range of Rs.1,35,000 – 2,50,000. Future increments to Mr. Gupta during his tenure shall be merit based and at the discretion of the Board within the aforesaid range.

#### 2. Perquisites and Allowances:

The sum total of all the perquisites and allowances in such form and in such manner, as may be decided from time to time, shall be restricted to an amount equal to 100% of Annual Salary. Within the aforesaid ceiling Mr. Gupta shall be entitled to following perquisites and allowances:

- i) **Housing:** Rent-free furnished accommodation, for which rent shall not exceed 50% of the salary, along with the expenditure on gas, electricity, water and furnishing thereof shall not exceed 10% of salary. In case no accommodation is provided, House Rent Allowance up to 50% of salary shall be payable to Mr. Gupta.
- ii) **Servants:** Provision of servants not exceeding three in numbers.
- iii) **Medical:** Reimbursement of expenses incurred for self and family, subject to a ceiling of one month's salary in one year or three months' salary over a period of three years.

However, the following Perquisites shall not be included in the aforesaid ceiling for Perquisites and Allowances:

- a) **Contribution to Provident Fund and Superannuation Fund** to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.

## ROSSELL TEA LIMITED

b) **Gratuity** payable at a rate not exceeding half a month's salary for each completed year of service or contribution up to the equivalent amount, as may be determined by Actuary, to Gratuity Fund towards Annual Contribution. Any such contribution, exceeding the aforesaid rate as per Rules of the Fund, shall be included in the overall ceiling for Perquisites.

c) **Encashment of leave** at the end of the tenure.

**Provision of Car** for use on Company's business, **telephones** at residence and **mobile telephones** will not be considered as perquisites.

For the purpose of calculating the above ceiling, Perquisites and Allowances shall be evaluated at the actual cost to the Company or as per Income Tax Rules, wherever applicable.

### 3. **Commission:**

Maximum @ 5% of the Net Profits, as may be decided by the Board from time to time, within the overall limit of the managerial remuneration as per the Act.

### 4. **Minimum Remuneration:**

In the event of loss or inadequacy of profit in any Financial Year during the tenure of Mr. Gupta, the above Salary, Perquisites and Allowances shall be payable to Mr. Gupta as Minimum Remuneration.

### 5. **Overall Remuneration:**

The overall remuneration payable to Mr. Gupta shall not, subject to minimum remuneration as specified hereinabove, exceed 5% of the Net Profits of the Company in a Financial Year computed in the manner laid down in Section 309(5) of the Act with overall remuneration payable to all the managerial personnel remaining within the total ceiling of 10% of the Net Profits of the Company computed in the manner as aforesaid.

### 6. **Option to draw Remuneration:**

Since Mr. Gupta is also a Managing Director of another Public Limited Company, in accordance with Section III of Part II of Schedule XIII of the Act, Mr. Gupta may draw his remuneration from one or both the Companies, provided that the total remuneration drawn from the Companies does not exceed the higher maximum limit admissible from any one of the Companies, of which he is a Managing Director.

### 7. **Earned Leave:**

Mr. Gupta shall be entitled to leave or encashment thereof according to the Rules applicable to its managerial personnel.

### 8. **Disentitlement to Director's Fees:**

Mr. Gupta shall not, so long as he functions as the Executive Chairman of the Company, be entitled to receive any fee for attending any Meeting of the Board or a Committee thereof.

### 9. **Duties:**

Mr. Gupta shall have substantial power of Management of the Company under the supervision, guidance and control of the Board."

## 5.2 **As a Special Resolution:**

"RESOLVED THAT pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, consent of the

## ROSSELL TEA LIMITED

Company be and is hereby accorded, subject to approval of the Central Government, for increase in remuneration payable to Mr. Rishab Mohan Gupta, General Manager (Projects) as may be decided by the Board of Directors from time to time with effect from 1st August, 2009 within the following limits:

### 1. Salary

Rs.1,00,000 only per month in the range of Rs.1,00,000 – 2,00,000. Future increments to Mr. Gupta during his tenure shall be merit based and at the discretion of the Board within the aforesaid range.

### 2. Perquisites and Allowances

- a) **Contribution to Provident, Superannuation and Gratuity Funds:** As per Rules of the Company.
- b) **Medical:** Reimbursement of expenses, subject to a ceiling of one month's salary per annum.
- c) **Leave Travel Allowance:** Once in the year in accordance with the Rules of the Company.
- d) **Earned Leave:** As per Rules of the Company. Leave accumulated and not availed may be allowed to be encashed as per Rules in this regard.
- e) **Provision for Car** for use on Company's business, **telephone** at residence and provision of a **mobile telephone** will not be considered as perquisites.

### 5.3 As an Ordinary Resolution:

"RESOLVED THAT a notice in writing under Section 257 of the Companies Act, 1956 having been received from a Member signifying his intention to propose Mr. V. P. Agarwal for appointment as a Director, Mr. V. P. Agarwal be and is hereby appointed as Director of the Company."

Registered Office:  
Jindal Towers,  
Block 'B', 4th Floor,  
21/1A/3, Darga Road,  
Kolkata 700 017

Place : Kolkata  
Date : 11th June, 2009

By Order of the Board

**N K Khurana**  
*Vice President (Finance)*  
*-cum-Company Secretary*

### NOTES :

1. **A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote on a Poll on his/her behalf. A Proxy need not be a Member of the Company. However, proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Annual General Meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 25th July, 2009 to 31st July, 2009 (both days inclusive) for the purpose of this Annual General Meeting.
3. Members who are holding shares in identical order of names in more than one Folio in physical form are requested to write to the Company/ the Registrars to consolidate their holdings in one Folio.
4. Members/ Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
5. Members are requested to

## ROSSELL TEA LIMITED

- (i) quote their Registered Folio Numbers / Client ID Nos. in all correspondences with the Company / with the Registrars; and
  - (ii) promptly notify any change in their address to the Company / the Registrars, CB Management Services Private Limited, P-22, Bondel Road, Kolkata – 700 019, in case they still hold the Equity Shares in physical form.
6. Members are requested to contact the Company's following Registrars and Share Transfer Agents for all their queries, transfer requests, conversion from physical form to dematerialised form or any other matter relating to their shareholding in the Company.

**C.B. Management Services Private Limited**  
**P-22, Bondel Road**  
**Kolkata – 700 019**  
**Tel. : 033 - 40116700, 40116711, 40116718, 40116723**  
**Fax: 033 - 22870263**  
**Email ID: rta@cbmsl.com**

### 7. Dematerialisation of the Equity Shares of the Company

The Equity Shares of the Company are available under DEMAT mode and can be held in electronic form with any Depository Participant (DP) with whom the Members/ Investors have their Depository Account. The Members / Investors may contact the Registrars & Share Transfer Agents of the Company at their address mentioned above in case of any query / difficulty in the matter or at the Registered Office of the Company.

8. MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF ANNUAL REPORT TO THE MEETING.

Registered Office:  
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Kolkata 700 017

Place : Kolkata  
Date : 11th June, 2009

By Order of the Board

**N K Khurana**  
*Vice President (Finance)*  
*-cum-Company Secretary*

## Explanatory Statement

**[Pursuant to Section 173(2) of the Companies Act, 1956]**

Attached to the Notice convening the Fifteenth Annual General Meeting to be held on Friday, 31st July, 2009.

### Items No. 5.1

The existing terms of appointment of Mr. H. M. Gupta (Mr. Gupta), Executive Chairman expired on 30th April, 2009. Accordingly, pursuant to Article 159 of the Articles of Association of the Company, the Board of Directors, in their Meeting held on 30th April, 2009 re-appointed Mr. Gupta for a further period of 3 years with effect from 1st May, 2009, subject to approval of the Members of the Company by way of a Special Resolution, at the terms and conditions and the remuneration as recommended by the Remuneration Committee of the Board of Directors, at their Meeting held on 30th April, 2009 and accepted by the Board of Directors, as embodied in the resolution.

## **ROSSELL TEA LIMITED**

Mr. Gupta is associated with the Company since its inception and well versed in International Trade and business, besides having comprehensive knowledge of Tea Industry. Thus, the Company would be immensely benefited with his continuous association. The Directors, thereafter, recommend adoption of the proposed special resolution for re-appointment of Mr. Gupta as Managing Director designated as Executive Chairman.

None of the Directors of the Company is concerned or interested in the proposed Special Resolution, except Mr. Gupta himself.

### **Items No. 5.2**

The Board of Directors in their Meeting held on 13th December, 2007 appointed Mr. Rishab Mohan Gupta, son of Mr. Harsh Mohan Gupta, Executive Chairman, in the Management Cadre as Manager (Projects) with effect from 1st January, 2008 for the Aerotech Services Division of the Company at a remuneration which in the aggregate should not exceed Rs. 50,000 per month. Consent of the Members was obtained by way of a Special Resolution for his appointment and the remuneration payable to him in terms of Section 314 of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003 in the Annual General Meeting held on 28th July, 2008.

Mr. Rishab Mohan Gupta has been looking after the operations of the Aerotech Services as well as the Vankesh Avionics Technologies Divisions of the Company and his performance is found to be satisfactory. In view of this, the Directors have promoted him to the position of General Manager (Projects) and propose to increase his remuneration to commensurate with the responsibilities assigned to him and also to bring the same at par with other Management Staff in the similar cadre in the Company.

Mr. Rishab Mohan Gupta is 22 years old and did his education from Suffolk University, Boston, USA. With his academic background, business acumen and experience being acquired by him, his association will be beneficial to the Company. The Directors, thereafter, recommend adoption of the proposed special resolution for seeking your consent to increase the remuneration payable to him.

None of the Directors of the Company is concerned or interested in the proposed Special Resolution, except Mr. H.M. Gupta, Executive Chairman, in his capacity as the father of Mr. Rishab Mohan Gupta.

### **Items No. 5.3**

At the Meeting of the Board of Directors held on 12th May, 2009, Mr. V. P. Agarwal has been appointed, in terms of Article 137 of the Articles of Association of the Company, an Additional Director pursuant to Section 260 of the Companies Act, 1956 to hold office only upto the date of this Annual General Meeting.

A Notice under section 257 of the Companies Act, 1956 has been received from a Member signifying his intention to propose the appointment of Mr. V. P. Agarwal as a Director of the Company.

With this professional knowledge and expertise in Corporate Affairs and Management, the Company would be considerably benefited. The Directors therefore, recommend adoption of the proposed resolution.

None of the Directors of the Company is concerned or interested in the proposed ordinary Resolution, except Mr. Agarwal himself.

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Kolkata 700 017

Place : Kolkata  
Date : 11th June, 2009

By Order of the Board

**N K Khurana**  
*Vice President (Finance)*  
*-cum-Company Secretary*

## ROSSELL TEA LIMITED

**Statement pursuant to the requirement of Part II, Section II Clause 1(B) of Schedule XIII to the Companies Act, 1956 for Remuneration proposed to be paid to Mr. H. M. Gupta (Mr. Gupta), Executive Chairman**

### I. General Information:

#### (1) Nature of Industry

The Company is a multi divisional Company and engaged in the following business:

- (a) Rossell Tea Division: Cultivation, Manufacture and Sale of Black Tea.
- (b) Aerotech Services Division: Technical and Support Services.
- (c) Vankesh Avionics Technology Division: Design and Development of Avionics Equipments.

#### (2) Date or expected date of commencement of commercial production

The Company is an existing Company and owns 5 Tea Estates in the State of Assam. The Aerotech Services Division and Vankesh Avionics Division commenced business activities on and from 1st April, 2006 and 1st October, 2008 respectively.

#### (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable.

#### (4) Financial performance based on given indicators

|                                 | <b>2008-2009</b>       | (Rs. in lacs)<br>2007-2008 |
|---------------------------------|------------------------|----------------------------|
| Total Turnover                  | <u>5,751.78</u>        | <u>5,320.18</u>            |
| Operating Profit before         |                        |                            |
| Interest and depreciation       | <b>1,542.30</b>        | 1,472.46                   |
| Less: Interest                  | <u>209.54</u>          | <u>111.54</u>              |
| Profit before Depreciation      | <b>1,332.76</b>        | 1,360.92                   |
| Depreciation                    | <u>136.61</u>          | <u>136.50</u>              |
| Profit before Exceptional Items | <b>1,196.15</b>        | 1,224.42                   |
| Exceptional Items               | <u>(189.48)</u>        | <u>1,250.58</u>            |
| Profit before Taxation          | <u><b>1,006.67</b></u> | <u><b>2,475.00</b></u>     |

#### (5) Export performance and net foreign exchange earnings

|                 |                        |                 |
|-----------------|------------------------|-----------------|
| Export Turnover | <u><b>1,085.01</b></u> | <u>1,091.25</u> |
|-----------------|------------------------|-----------------|

#### (6) Foreign Investments and Collaborators, if any

During the year, the Company has invested Rs. 3,355 in Foreign Currency to acquire 100 Equity Shares of Singapore Dollar 1 each, fully paid up in RV Enterprizes Pte. Ltd., Singapore.

## ROSSELL TEA LIMITED

While 1.50% of the Company's Equity Share Capital is held by Overseas Corporate Body, 13.97% of the Company's Equity Share Capital is held by Foreign Institutional Investors.

### II. Information about the appointees

#### (1) Background details

Mr. Gupta is B.A. (Hons.) and expert in International Trade and Business. He has been associated with Avionics business for more than 30 years, besides having comprehensive knowledge of Tea Industry. He has been a Director of the Company since inception, Executive Vice Chairman since 1st May, 1996 and Executive Chairman since 1st February, 2001.

#### (2) Past Remuneration

Mr. Gupta was paid the remuneration in terms of the resolution passed by the Members of the Company in the Annual General Meeting held on 27th July, 2006. The remuneration for the year 2006-2007, 2007-2008 and 2008-2009 as the Executive Chairman was Rs. 15.26 lacs, Rs.44.54 lacs and Rs. 30.46 lacs respectively.

#### (3) Recognition or Awards

Mr. Gupta is a Member of the Executive Committee of Federation of Indian Chamber of Commerce and Industry.

#### (4) Job Profile and Suitability

As the Managing Director, Mr. Gupta has been in overall control of the entire operations of the Company since the last 13 years. He has been leading the Board of Directors of the Company in his capacity as Chairman. Having regard to his vast experience and insight into the Company, with comprehensive knowledge in both Tea and Aviation Industry, Mr. Gupta is perfectly suited for re-appointment as Executive Chairman of the Company.

#### (5) Remuneration Proposed

The remuneration proposed to be paid to Mr. Gupta, as recommended by the Remuneration Committee and accepted by the Board of Directors, has been embodied in the proposed Special Resolution.

#### (6) Comparative remuneration Profile with respect to Industry

| Name of the Company            | Designation        | Total Remuneration<br>Rs. in lacs | Year      |
|--------------------------------|--------------------|-----------------------------------|-----------|
| Goodricke Group Ltd.           | Managing Director  | 58.77                             | 2008      |
| Dhunseri Tea & Industries Ltd. | Managing Director  | 26.51                             | 2008-2009 |
| Warren Tea Ltd.                | Executive Chairman | 25.34                             | 2007-2008 |

#### (7) Pecuniary Relationship

Except for the remuneration in consideration of his services rendered to the Company, Mr. Gupta has no pecuniary relationship with the Company. However, Mr. Gupta has provided certain sums to the Company, by way of Unsecured Loan repayable on demand, on which he is being paid interest at a rate below the prevailing market rate of interest.

### III. Other Information

#### (1) Reasons of Loss or inadequate Profit

The profit of the Company for the year ended 31st March, 2009 is considered to be adequate keeping in view the profitability of other Tea Companies as well as the performance of Aerotech Services Division of the Company. However the profit for the year is net of a loss of Rs 55.12 lacs incurred by Vankesh Avionics Technologies Division during the inception period from 1st October, 2008 to 31st March, 2009. This is considered to be satisfactory keeping in view the gestation period required for this line of business.

#### (2) Steps taken or Proposed to be taken for improvement

The Company continues to work on quality upgradation of its production. The improvement in quality



## ROSSELL TEA LIMITED

of the Company's teas has been recognized in the trade. The Company has enlarged its marketing network. Emphasis is given to sell the produce at quality conscious segment of the market for better realization and higher Exports. The Company proposes to continue its policy to produce and market "a quality product through a prudent cost management."

### (3) Expected increase in Productivity and Profits in measurable terms

Although the present fundamentals in the market will have a favourable impact on the Indian Tea Scene as well as the Aviation Industry in the days ahead, the productivity and profitability can not be quantified in measurable terms.

#### Disclosures

##### (1) Information on the Remuneration Package of Managing Director

A circular dated 15th May, 2009 containing the abstract of the terms of appointment of Managing Director designated as Executive Chairman and Memorandum of Interest pursuant to Section 302 of the Companies Act, 1956 was already sent to all the Members on 21st May, 2009. Further, the details have been embodied in the proposed Special Resolution.

##### (2) Disclosure under Corporate Governance in the Report of the Board of Directors

The Report on Corporate Governance in Annexure III to the Report of the Board of Directors includes the required disclosures.

#### DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AT THE FORTH-COMING FIFTEENTH ANNUAL GENERAL MEETING

| Name of the Director  | Mr. H. M. Gupta   | Mr. V. P. Agarwal   |
|---|---|---|
| Date of Birth   | September 13, 1954  | July 01, 1943   |
| Date of Appointment   | June 10, 1994 as Director<br>May 01, 1996 as Managing Director  | May 12, 2009  |
| Qualifications  | B. A. (Hons.)   | M.Com., FCS,<br>AMP (Harvard Business School)   |
| Expertise in specific functional areas  | International Trade and Business besides having comprehensive knowledge of Tea Industry   | Corporate Affairs & Management  |
| List of Public Companies in which Directorship is held                                      | BMG Enterprises Ltd.<br>(Chairman and Managing Director)<br>Rossell Tea Limited<br>(Managing Director designated as 'Executive Chairman') | DCM Shriram Credit & Investments Ltd.<br>DCM Shriram International Ltd.<br>DCM Shriram Acqua Foods Ltd.<br>Rossell Tea Ltd.   |
| Chairman / Member of the Committees of the Board of the Companies on which he is a Director | Nil   | <b>DCM Shriram Credit &amp; Investments Ltd.</b><br>Audit Committee - Member<br><b>DCM Shriram Acqua Foods Ltd.</b><br>Audit Committee - Member<br><b>Rossell Tea Limited</b><br>Audit Committee - Member |

## ROSSELL TEA LIMITED

### Report of the Board of Directors for the year ended 31<sup>st</sup> March, 2009

Your Directors have pleasure in presenting their Fifteenth Annual Report together with the Audited Accounts for the year ended 31st March, 2009.

#### FINANCIAL RESULTS

|  | <b>Year ended<br/>31.03.2009<br/>Rs. in Lacs</b> | <b>Year ended<br/>31.03.2008<br/>Rs. in Lacs</b> |
|--|--|--|
| <b>Profit before Interest and Depreciation</b>             | <b>1,542.29</b>                                  | 1,472.46   |
| Less : Interest (Net of subsidy)                           | <b>209.53</b>                                    | 111.54   |
| <b>Profit before Depreciation</b>                          | <b>1,332.76</b>                                  | 1,360.92   |
| Less : Depreciation  | <b>136.61</b>                                    | 136.50   |
| <b>Profit before Exceptional Items</b>                     | <b>1,196.15</b>                                  | 1,224.42   |
| Add /(Less) : Profit / (Loss) on Sale of Investments (Net) | <b>(79.67)</b>                                   | 13.67  |
| Unrealized (Loss) / Gain on Exchange                       | <b>(109.80)</b>                                  | 38.90  |
| Profit on Sale of Property                                 | <b>–</b>   | 1,198.01   |
| <b>Profit before Taxation</b>                              | <b>1,006.68</b>                                  | 2,475.00   |
| Less : Fringe Benefit Tax                                  | <b>12.50</b>                                     | 9.00   |
| Provision for Current Taxation                             | <b>185.00</b>                                    | 205.00   |
| Deferred Taxation adjustment                               | <b>113.00</b>                                    | 163.00   |
| <b>Profit after Taxation</b>                               | <b>696.18</b>                                    | 2,098.00   |
| Balance Brought Forward                                    | <b>356.76</b>                                    | (610.00)   |
| Transfer from Exchange Rate Variation Reserve              | <b>90.61</b>                                     | –  |
| <b>Profit available for Appropriation</b>                  | <b>1,143.55</b>                                  | 1,488.00   |
| Appropriated as under:                                     |  |  |
| Exchange Rate Variation Reserve                            | <b>–</b>   | 38.90  |
| General Reserve  | <b>800.00</b>                                    | 1,000.00   |
| Dividend on Equity Shares @ 15% (2008-12.50%)              | <b>110.09</b>                                    | 78.93  |
| Tax on Dividend  | <b>18.71</b>                                     | 13.41  |
| Balance Carried Forward                                    | <b>214.75</b>                                    | 356.76   |
|  | <b>1,143.55</b>                                  | 1,488.00   |

#### DIVIDEND

Your Directors are pleased to recommend to the Members, for their approval, a dividend of Rs.1.50 per Equity Share of Rs.10 each in the Company for the year ended 31st March, 2009.

#### ISSUE AND ALLOTMENT OF SHARES ON PREFERENTIAL ALLOTMENT BASIS

Your Directors are pleased to advise that in terms of your consent obtained in the Annual General Meeting held on 28th July, 2008, 10,25,000 Equity Shares of Rs.10 each in the Company were issued and allotted on Preferential Allotment Basis to Foreign Institutional Investors (FIIs) at a price of Rs.100 per Equity Share, after obtaining the requisite approval from the Foreign Investment Promotion Board (FIPB), Government of India. The proceeds of the issue amounting to Rs.1,025 lacs have been fully utilized for financing its ongoing Projects viz. investment in

## ROSSELL TEA LIMITED

the Equity Shares of SPVs formed for the purpose of acquiring various Hotels in India.

### TURNOVER

The gross turnover of your Company, including the receipts for technical and support services for Aerotech Services Division was Rs.5,751.78 lac for the current year as against Rs.5,320.18 lac in the previous year. This also includes the turnover of Vankesh Avionics Technologies Division amounting to Rs.16.44 lac for the period from 1st October, 2008 to 31st March, 2009.

Own crop during the year was 41.52 lac kgs. against 42.68 lac kgs. of the previous year. The total crop inclusive of bought leaf production was 41.67 lac kgs. as against 44.39 lac kgs. This was due to a conscious decision to reduce bought leaf production and focus on the quality of our own production. The lower production of own crop was largely due to the hailstorm which struck Nagrijuli T.E. in early 2008 and the severe drought which was experienced between December, 2008 and March, 2009.

### PERFORMANCE

#### Rossell Tea Division

Your directors view with utmost satisfaction Rossell Tea's performance during the year under review. The continual year on year improvement in the average price realisation has positioned your Company as among the best quality producers in Assam.

As has been the policy, your Company continued to focus on the quality standards of its produce, whilst at the same time maximizing production of orthodox teas from the Estates. Orthodox Teas continue to constitute over 70% of the Company's product mix. This policy resulted in your Company outperforming the market in 2008-2009.

During the year under review, rising prices of all inputs led by the escalating fuel prices put severe inflationary pressure on the cost of production. However, led by the quality standards and prudent cost management these pressures were minimized.

#### Aerotech Services and Vankesh Avionics Technologies Divisions

The year 2008 – 2009 saw tumultuous upheavals in world economies, affecting new ventures, renewal of existing ones, as well as sustaining ongoing works round the globe. Though insulated by its own fiscal policies, the economic recession hit India relatively more than last time, presumably due to opening up of the Indian economy in the earlier part of the nineties.

As Aerotech Services basically deals with Original Equipment Manufacturers (OEMs), most of which are foreign Multinational Companies, the economic slow down has also affected the Company. However, the ongoing contracts were completed during the year successfully and the turnover of Aerotech Services during the year was Rs.371.82 lac, which remain included in the gross turnover of the Company of Rs.5,751.78 lac, as shown above.

A new Division namely Vankesh Avionics Technologies (VAT) was formed on and from 1st October 2008. The division's special areas of activities are design, development and manufacture of various types of test rigs, aircraft looming and PCB assembly etc. During the period 1st October 2008 to 31st March 2009 its performance is considered to be satisfactory keeping in view the gestation period required for this line of business. The Division received orders worth Rs.21.03 lac and executed the same worth Rs.16.44 lac. During this inception period, however, the Division incurred a loss of Rs.55.12 lac.

### PROSPECTS

#### Rossell Tea Division

The season 2009-2010 commenced with a pipeline shortage estimated to be approx. 25 million kgs. By end-

## **ROSSELL TEA LIMITED**

April, 2009 Indian crops were lower by another 25 million kgs. World crops were by end April lower by 73 million kgs. This clearly defined situation along with the rising consumption trend in India suggests that the market will be demand led, a reversal of the situation at the start of the millennium.

Prices for both categories, especially CTC teas have been significantly higher than those prevailing last year. We expect both orthodox and CTC teas to sell strongly through the year. However your Company feels that quality standards must be re-emphasized if we are to outperform the market. Your directors view the year ahead with cautious optimism.

### **Aerotech Services and Vankesh Avionics Technologies Divisions**

Though it was expected that the existing contracts will be extended but due to slow down in world economy, those were not renewed. All efforts are being put forward to procure further contracts on long term basis by Aerotech Services Division.

It is expected that in the year 2009–2010, the VAT Division would execute orders worth more than Rs.300 lacs, which in turn would raise the turnover substantially. To achieve this various steps have been undertaken, including the relocation of the existing facility to a new premises with sophisticated equipment required to undertake various types of jobs.

### **SUBSIDIARY COMPANY**

During the year under review, on 17th June, 2008 your Company promoted another Company called Rossell Aviation Private Limited and subscribed to 50% of its Equity Share Capital. Subsequently, the remaining 50% of the paid up capital was also acquired on 4th February, 2009 thereby making that Company a fully owned Subsidiary of your Company. However, this Subsidiary Company is yet to take up any business activity.

### **STAFF WELFARE AND SOCIAL ACTIVITIES**

The Company has always espoused the principles which encompass welfare, health and safety of the employees at all levels. Workers health and well-being continues to be a priority with your Company. The infrastructure in the areas of welfare schemes, health, hygiene, education and water supply is being further upgraded. Recently, your Company has taken the initiative in further improving sanitation in the workers lines by participating in a UNICEF project on sanitation.

Your directors are pleased to report the completion of the Baranadi bandh project by the Brahamaputra Board. This was the culmination of four year's effort to prevail upon the authorities to reinforce the bundhs protecting Nagrijuli T.E. as also the population of the area extending downstream up to Rangiya in Assam. The local populace is deeply appreciative of the lead taken by your Company to protect their livelihood.

Your Company is fully aware of its Corporate Social Responsibilities and our emphasis in respect thereof is briefly enumerated below:

a. **Environment**

To adopt environmental friendly agricultural and manufacturing policies.

b. **Education**

Well equipped schools for workers' children at all Estates.

c. **Health**

- i. Clean potable water for the entire population in the area where our Estates are located.
- ii. Well equipped hospitals with trained staff
- iii. A sanitation scheme in partnership with UNICEF

## ROSSELL TEA LIMITED

- iv. Organizing camps for eye care, pulse polio for children and regular camps for sterilization.
- v. At the grass root level mothers club to disseminate information on health, hygiene and alcoholism.
- vi. Vocational centres for knitting and tailoring
- vii. Malaria prevention scheme

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 (the Act), your Directors state and confirm the following:

- (i) That in preparation of the Company's Annual Accounts for the year ended 31st March, 2009, the applicable accounting standards have been followed and proper explanations have been provided for material departures, where applicable.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2009 and of the Profit of the Company for that financial year.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularity.
- (iv) That the Directors have prepared the Annual accounts for the year ended 31st March, 2009 on a going concern basis.

### CORPORATE GOVERNANCE

Your Company is complying with the Corporate Governance Code as prescribed in Clause 49 (Revised) of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance along with the Auditors' Certificate on its compliance is annexed to this report.

### DIRECTORS

In accordance with the provisions of Article 150 of the Articles of Association of the Company, Mr. H. M. Gupta and Mr. R. N. Deogun retire at the forthcoming Annual General Meeting. While Mr. H. M. Gupta being eligible offers himself for re-appointment, Mr. R. N. Deogun, though eligible, has not offered himself for re-appointment. Thus, Mr. R. N. Deogun shall cease to be a Director of the Company upon conclusion of the forthcoming Annual General Meeting. The Board places on record their sincere thanks and appreciation for the dedicated services rendered by him during his tenure as Managing Director since the inception of the Company till 30th June, 2003 and thereafter as a Director.

The terms of appointment of Mr. H. M. Gupta, Executive Chairman expired on 30th April, 2009. Accordingly, in the Meeting of the Board of Directors held on 30th April, 2009, he was re-appointed as Executive Chairman for a further period of three years from 1st May, 2009 to 30th April, 2012, subject to approval by the Members of the Company in the ensuing Annual General Meeting.

In terms of Article 137 of the Articles of Association of the Company, Mr. V. P. Agarwal was appointed as an Additional Director on and from 12th May, 2009 to hold office till the date of the next Annual General Meeting. A Notice has been received pursuant to section 257 of the Companies Act, 1956 from a Member of the Company proposing the appointment Mr. V. P. Agarwal as a Director of the Company. Thus, his appointment has been included in the Notice calling the ensuing Annual General Meeting.

### COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Your Directors are pleased to provide the information required to be disclosed in accordance with Section 217(1)(e) of the Act, read with the above Rules, in Annexure I hereto forming part of the Report.

## **ROSSELL TEA LIMITED**

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

#### **(a) Industry Structure & Developments**

##### **Rossell Tea Division**

The all India production in season 2008 was 981 million kgs., 36 million kgs. up from the previous year's production of 945 million kgs. This increase was largely neutralized by the export performance of 196 million kgs. as against 154 million kgs. of the previous year. All in all there was hardly any carry over stock and with growing domestic consumption, the demand led pressure ensured better prices through the year. The orthodox teas were firm during season 2008 and averaged higher than CTC teas which also moved up. Clearly, the quality teas continued to receive premium prices.

However with the global financial crisis playing out from October onwards, there was a slowdown on the export front and a substantial quantities of exportable teas were sold in the domestic market due to uncertainties prevailing on payment terms and shipping schedules especially in Iran and CIS countries. The season ended with an estimated shortage of carry over stocks of approx. 25 million kgs. into season 2009.

##### **Aerotech Services and Vankesh Avionics Technologies Divisions**

During the year under review, influenced by immediate OEMs requirements, the nature of work was mainly oriented towards support services required in logistics and technical administration, rather than actual technical work. This substantially limited the scope of Aerotech Services to exploit its full potential. In view of this, the great focus on undertaking actual technical support activities would have to be targeted for the future. All future plans and negotiations for future contracts have therefore, kept this in perspective and results are expected to materialize shortly.

#### **(b) Opportunities and Threats**

##### **Rossell Tea Division**

It is apparent that world crops are generally stagnant and with increasing consumption in India, the market will be prominently demand led. There continues to be in the medium term great opportunity for well made CTC and orthodox teas.

Your Company continues to outturn well made quality teas consistently. This has resulted in good brand equity for our teas with increased demand from Germany, Iran and CIS countries. Export continues to be a thrust area for your Company.

We continue to reiterate that despite the financial meltdown, the fairly robust Indian economy offers sophisticated choices to the Indian consumers and consequently there is a need to reposition tea as an exciting and youthful beverage. The need for research in areas of other value added products extracted from tea can not be over stated.

Indian tea exports were susceptible to the financial meltdown and to that extent a slowdown was evident. Other threats are weather related but largely these are not in control of the industry. Nonetheless the negative impact of droughts, hail and floods can be minimized through good and careful agricultural practices.

##### **Aerotech Services and Vankesh Avionics Technologies Divisions**

With Rs.50 thousand crore of offset activities against total contracts worth roughly Rs.167 thousand crore expected in the next decade, the opportunities are immense. OEMs would have to depend on local Indian companies to support them in the discharge of their offset as well as main contractual obligations.

**(c) Segment wise Business Performance**

**Rossell Tea Division**

In keeping with our policy to increase the export component of the business, we are pleased to report that out of a total crop of 41.85 lac kgs. sold during the year, 3.62 lac kgs. was exported representing 8.65% of the total quantity sold as against 4.88 lac kgs. exported representing 10.37% of the total quantity of 45.14 lac kgs. sold in the previous year. In value terms, the export represents 15.36% of the total turnover.

**Aerotech Services and Vankesh Avionics Technologies Divisions**

While Aerotech Services also contributed towards the overall profitability of the Company with profit before tax of Rs.140.58 lac, VAT Division incurred a loss of Rs.55.12 lac during the period. The segmental results for the year are given in Note 11 in Schedule 18 to the Accounts.

**(d) Outlook**

**Rossell Tea Division**

World crops from countries for which data is available indicate a production which is lower by 73 million kgs. for the period January – April 2009 compared to the same period last year. Off this deficit 72 million kgs. is accounted for by lower crops in India, Kenya and Sri Lanka. Shortage both for CTC and orthodox teas is now evident.

In India CTC teas have already moved up appreciably in prices and this situation is likely to pertain through the year.

In the orthodox category, due to lower off takes in the orthodox export markets early this year on account of the global financial crisis, there is emerging a pent up hunger for orthodox teas, this is further heightened by the lower production in Sri Lanka and the likelihood that Indian orthodox production will not be higher than last year. The prospects look good in this category too. It is in our interest to prolong these buoyant conditions through continued emphasis on quality; anything else will fail in the medium and long term.

We continue to believe that quality must come first along with checks against the inflationary spiral of cost increase. As always a quality product through a prudent cost management regime will continue to be the cornerstone of our business strategy; it has paid us in the past and will stand us in good stead in the future.

**Aerotech Services and Vankesh Avionics Technologies Divisions**

Outlook for the coming years is very positive and various long term agreements are likely to be signed during the year which will improve the working of Aerotech substantially.

As stated earlier, VAT Division is likely to execute order worth Rs.300 lacs. To ensure its successful execution, various steps have been undertaken, including the relocation of the existing facility to a new premises with sophisticated equipments required to undertake various types of jobs, which require special technical facilities, as detailed below:

1. Clean room PCB assembly and integration facility
2. Separate aircraft wiring, fabrication and testing facility
3. Separate test rig assembly and testing facility
4. Infrastructure provisioned for pick and place machines for mass production.

**(e) Risk and Concerns**

**Rossell Tea Division**

Tea is an agricultural crop and like all such crop it is dependant on weather conditions. As a commodity, tea continues to be affected by the interplay of demand and supply dynamics and is depended largely on this equation for its pricing. Current indications are for a buoyant market in the short and medium term.

The global financial meltdown has clearly affected tea exports and is a matter of concern. To off set such

## ROSSELL TEA LIMITED

a risk development of new markets and enlarging business scope in existing ones is important. Rising cost of production through administrative price increases and inflation continue to affect this labour intensive industry.

### **Aerotech Services and Vankesh Avionics Technologies Divisions**

The only risk / concern would be dealing with Public Sector undertakings in view of procedural delays at their end.

#### **(f) Internal Control Systems and their adequacy**

Your Company has adequate Internal Control Systems at all levels of management and they are reviewed from time to time. The Internal Audit is carried out in house as well as by a firm of Chartered Accountants. The Audit Committee of the Board looks into Auditors' Review, which is deliberated upon and corrective action taken wherever required.

#### **(g) Financial and Operational Performance**

Along with the continual emphasis on quality upgradation, prudent management of costs has been the stated objective of your Company. In the year under review, your Company has improved its performance significantly. The operating profit before depreciation in respect of Rossell Tea for the year was Rs.1,237.99 lac against Rs.980.20 lac of previous year.

The Aerotech Services Division of the Company contributed Rs.149.56 lacs to the operating profit before depreciation, as against Rs.380.72 lacs in the previous year. While the VAT Division incurred an operating loss of Rs.54.79 lacs before depreciation during the first six months of its operations.

The operating profit before depreciation for the Company is Rs.1,332.76 lacs as against Rs.1,360.92 lacs in the previous year. The financial base of your Company remains sound and we expect further improvement with better financial and operational performance in the future.

#### **(h) Human Resources Development**

Human resources are a valuable asset at the Corporate Office as also at the Tea Estates of your Company and attention is continuously paid to their development and well being. Industrial relations at all the Estates remain satisfactory, where your Company employs around 4,525 personnel on its roll.

## **PERSONNEL**

Your Directors record their appreciation for contribution and co-operation of all the employees.

Particulars required to be furnished as per Section 217(2A) of the Act, read with the Companies (Particulars of Employees) Rules, 1975 (as amended) in respect of employees of the Company, who were in receipt of remuneration exceeding Rs.24.00 lacs per annum where employed for full year or Rs.2.00 lacs per month where employed for a part of the year, are given in Annexure II to this Report.

## **AUDITORS**

M/s. S. S. Kothari & Co., Chartered Accountants, Auditors, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Audit Committee has recommended their appointment as Auditors of the Company.

For and on behalf of the Board

Place : Kolkata  
Date : 11th June, 2009

**H. M. Gupta**  
*Executive Chairman*



**Annexure I to Directors' Report**

**Information pursuant to Section 217(1)(e) of the Companies Act, 1956 and forming part of the Directors' Report for the year ended 31st March, 2009**

**Particulars with respect to Conservation of Energy**

1. Energy conservation measures taken : Replacement of old and outdated equipments, wherever required with energy efficient equipment giving higher output with less energy consumption.
2. Additional Investment and Proposals, if any, being implemented for being reduction of consumption of energy : Installation of energy saving equipment and modernisation of Factories at the Estates is being done in a phased manner.
3. Impact of measures at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : Improvement of energy utilisation resulting in economy in cost.

**Form A**

|  | <b>Year ended<br/>31st March, 2009</b> | Year ended<br>31st March, 2008 |
|--|--|--------------------------------|
| <b>A. Power &amp; Fuel Consumption :</b> |  |                                |
| 1. Electricity                           |  |                                |
| a) Purchased                             |  |                                |
| Units (Kwh)                              | <b>17,35,666</b>                       | 17,22,387                      |
| Total Amount (Rs.)                       | <b>1,27,19,530</b>                     | 1,27,48,481                    |
| Rate/Unit (Rs.)                          | <b>7.33</b>                            | 7.40                           |
| b) Own Generation                        |  |                                |
| i) Through Diesel Generator              |  |                                |
| Units (Kwh)                              | <b>4,96,833</b>                        | 6,18,251                       |
| Unit/Ltr of Diesel Oil                   | <b>2.60</b>                            | 2.48                           |
| Fuel Cost/Unit (Rs.)                     | <b>12.82</b>                           | 12.87                          |
| ii) Through Natural Gas Generator        |  |                                |
| Units (Kwh)                              | <b>9,80,046</b>                        | 10,45,383                      |
| Total Cost of Gas Consumed (Rs.)         | <b>12,83,666</b>                       | 10,46,861                      |
| Fuel Cost/ Unit (Rs.)                    | <b>1.31</b>                            | 1.00                           |
| 2. Natural Gas                           |  |                                |
| Quantity (Scm)                           | <b>20,94,945</b>                       | 35,36,675                      |
| Total Cost (Rs.)                         | <b>73,29,265</b>                       | 96,79,606                      |
| Average Rate/Unit (Rs.)                  | <b>3.50</b>                            | 2.74                           |
| 3. Furnace Oil                           |  |                                |
| Quantity (Ltr)                           | <b>23,043</b>                          | 1,05,530                       |
| Total Amount (Rs.)                       | <b>6,83,885</b>                        | 29,18,281                      |
| Average Rate/Unit (Rs.)                  | <b>29.68</b>                           | 27.65                          |
| 4. Coal (Coke/Rom) for Tea Processing    |  |                                |
| Quantity (MT)                            | <b>1,913.52</b>                        | 1,669.25                       |
| Total Cost (Rs.)                         | <b>66,52,099</b>                       | 41,77,721                      |
| Average Rate/Unit (Rs.)                  | <b>3,476</b>                           | 2,503                          |

## ROSSELL TEA LIMITED

|  | Year ended<br>31st March, 2009 | Year ended<br>31st March, 2008 |
|--|--------------------------------|--------------------------------|
| <b>B. Consumption per Unit of Production :</b> |                                |                                |
| Production - Tea (Gross) Kgs.                  | 42,55,020                      | 45,30,818                      |
| Electricity (Kwh)                              | 0.76                           | 0.75                           |
| Natural Gas (Scm)                              | 0.77                           | 1.22                           |
| Furnace Oil (Ltr)                              | 0.01                           | 0.06                           |
| Coal (Coke/Rom) (kgs)                          | 1.24                           | 1.02                           |

### Form B

#### Research and Development (R & D)

1. Specific areas in which R&D is carried out by the Company
2. Benefits derived as a result of above R&D
3. Future Plan of Action
4. Expenditure on R&D
  - (a) Capital
  - (b) Recurring
  - (c) Total
  - (d) Total R&D expenditure as percentage of total turnover

The Company is a member of the Tea Research Association, Kolkata which is registered under Section 35(1)(ii) of the Income Tax Act, 1961. A contribution of Rs.5.00 lacs (2008-Rs. 4.85 lacs) was made towards subscription for the year.

#### Technology Absorption, Adaptation and Innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation
2. Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, production development, import substitution etc.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the Financial Year), following information may be furnished
  - a) Technology imported
  - b) Year of import
  - c) Has technology been fully absorbed?
  - d) If not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action

In-house seminars, discussions with experts and training programme were held for innovative ideas of production and to update the staff.

There has been an overall improvement in productivity and economy in cost was achieved.

Not Applicable

#### Foreign Exchange Earnings and Outgo

During the year under review, your Company exported a sizeable quantity of teas to various overseas markets. Besides, Receipts for Technical and Support Services were also received in Foreign Currency in Aerotech Services Division. The earnings in Foreign Exchange are given in Note 9.5 in Schedule 18 to the Accounts.

The foreign exchange outgo is given in Notes 9.4, 9.6 and 10 in Schedule 18 to the Accounts.

For and on behalf of the Board

Place : Kolkata  
Date : 11th June, 2009

**H. M. Gupta**  
*Executive Chairman*

**ROSSELL TEA LIMITED****Annexure II to Directors' Report**

Information under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 (as amended) and forming part of the Directors' Report for the year ended 31st March, 2009.

**EMPLOYED FOR THE FULL YEAR**

| Name        | Age (in years) | Date of commencement of Employment | Designation / Nature of Duties | Gross Remuneration (Rs.) | Qualification | Last Employment held / Designation  | Experience (in years) |
|-------------|----------------|------------------------------------|--------------------------------|--------------------------|---------------|---|-----------------------|
| H. M. Gupta | 55             | 1st May, 1996                      | Executive Chairman             | 30,46,087                | B. A. (Hons)  | BMG Enterprises Limited - Chairman & Managing Director (still continuing) | 34                    |

**Notes**

1. The Gross Remuneration comprises Salary, Commission, Monetary value or Income Tax valuation of Perquisites and the Company's contribution to Provident, Superannuation and Gratuity Funds.
2. The nature of employment is contractual and is subject to the rules and regulations of the Company in force from time to time.
3. Mr. H. M. Gupta is not a relative of any of the Directors.

For and on behalf of the Board

Place : Kolkata  
Date : 11th June, 2009

**H. M. Gupta**  
*Executive Chairman*

## ROSSELL TEA LIMITED

### Annexure III to Directors' Report

#### REPORT ON CORPORATE GOVERNANCE

The Listing Agreement of the Stock Exchange in Clause 49 (Revised) has laid down a Code of Corporate Governance which the Company has complied with as follows:

**1. Company's Philosophy on Code of Governance:**

Your Board of Directors unequivocally supports the principles of Corporate Governance. Your Company espouses the cause of long term success in all areas of its business and commits itself to achieving this by outstanding standards of productivity, quality and performance. It continues to evolve, learn and adapt for the common good of its stakeholders. Your Company is further committed to the well being of its employees and of the society that we live in, in general.

**2. Board of Directors – Composition:**

The Board is headed by Executive Chairman, Mr. H.M. Gupta and comprises of persons who are expert in their respective fields. At present, majority of the Directors on the Board are Non-Executive Independent Directors. Particulars as on 31st March, 2009 are given below:-

| Director         | Category                  | No. of Companies |                    |        |
|------------------|---------------------------|------------------|--------------------|--------|
|                  |                           | Member of Board  | Board Committees # |        |
|                  |                           |                  | Chairman           | Member |
| Mr. H.M. Gupta   | Executive Chairman        | 7                | –                  | –      |
| Dr. S.S. Bajjal  | Non-Executive-Independent | 9                | 5                  | 12     |
| Mr. H.M. Parekh  | Non-Executive-Independent | 9                | 2                  | 6      |
| Mr. P.L. Agarwal | Non-Executive-Independent | 9                | 1                  | 5      |
| Mr. R.N. Deogun  | Non-Executive-Independent | 4                | –                  | 2      |
| Mr. C.S. Bedi    | Managing Director         | 1                | –                  | 1      |

# Audit, Shareholders' Grievance and Remuneration Committee.

**Board Meetings and Annual General Meeting (AGM):**

During the year under review, 7 Board Meetings were held on 17.04.2008, 13.06.2008, 28.07.2008, 28.08.2008, 31.10.2008, 05.12.2008 and 30.01.2009.

The last AGM was held on 28.07.2008.

Details of attendance:

| Director         | No. of Board Meetings Attended | Whether attended Last AGM |
|------------------|--------------------------------|---------------------------|
| Mr. H.M. Gupta   | 2                              | Yes                       |
| Dr. S.S. Bajjal  | 2                              | Yes                       |
| Mr. H.M. Parekh  | 6                              | Yes                       |
| Mr. P.L. Agarwal | 6                              | Yes                       |
| Mr. R.N. Deogun  | 6                              | No                        |
| Mr. C.S. Bedi    | 7                              | Yes                       |

**3. Audit Committee:**

The Audit Committee consists of 3 Non-Executive Independent Directors. The Committee has been meeting once in every quarter of the Financial Year.

A brief description of the terms of reference of the Audit Committee is:

1. To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend the appointment and removal of Statutory Auditors, Cost Auditors as well as Internal Auditors, fixation of audit fees and also approval for payment for any other services.
3. To review with management the annual financial statements before submission to the Board for approval, with particular reference, inter alia, to disclosure of related party transactions, qualifications in the draft audit report etc.
4. To review with management the quarterly financial statements before submission to the Board for taking the same on record.
5. To review with the management, statutory and internal auditors, the adequacy of internal control systems.
6. To review the adequacy of internal audit function at present being conducted in house as well as by a firm of Chartered Accountants and to discuss with them any significant findings and follow up thereon.
7. To review the Company's financial and risk management policies.
8. Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post audit discussion to ascertain any area of concern.

During the year under review, 4 Meetings of the Audit Committee were held on 13.06.2008, 28.07.2008, 31.10.2008 and 30.01.2009.

The composition and attendance of the members at the Audit Committee Meetings are as follows:

| <b>Name</b>               | <b>No. of Audit Committee Meetings Attended</b> |
|---------------------------|---|
| Dr. S.S. Bajjal, Chairman | 3   |
| Mr. H.M. Parekh           | 4   |
| Mr. R.N. Deogun           | 3   |

The Vice President (Finance)-cum-Company Secretary acts as the Ex-Officio Secretary to the Committee. Statutory Auditors, Cost Auditors and Internal Auditors attend the Meeting whenever required. The Executive Chairman, Managing Director and other senior executives are also invited to attend and deliberate in the Meetings.

**4. Remuneration Committee:**

The remuneration policy is decided by the Board within the statutory framework and approved by the General Body. The Remuneration Committee consists of Non-Executive Independent Directors, namely Mr. H. M. Parekh, Chairman, Dr. S.S. Bajjal and Mr. P.L. Agarwal.

The broad terms of reference of the Remuneration Committee is to determine on behalf of the Board of Directors of the Company, the Company's policy on specific remuneration packages for Managing Director / Wholetime Director of the Company.

During the year under review, no Meeting of the Remuneration Committee was held.

## ROSSELL TEA LIMITED

Remuneration as per Terms of Service paid to Directors during the year 2008-2009:

| Name of Directors                  | Salary    | Commission | Contribution to P.F. and other Funds | Rs.                  |           |
|------------------------------------|-----------|------------|--------------------------------------|----------------------|-----------|
|                                    |           |            |                                      | Value of Perquisites | Total     |
| Mr. H.M. Gupta, Executive Chairman | 12,00,000 | 14,67,840  | 3,74,000                             | 4,247                | 30,46,087 |
| Mr. C.S. Bedi, Managing Director   | 12,60,000 | –          | 3,92,700                             | 6,45,800             | 22,98,500 |

- 1) Mr. H.M. Gupta :  
 Service contract : 01.05.2006 to 30.04.2009  
 Notice period : Three months  
 Severance Fee : Not Applicable
- 2) Mr. C. S. Bedi :  
 Service contract : 01.10.2007 to 30.09.2010  
 Notice period : Three months  
 Severance Fee : Not Applicable

Sitting Fees paid to the Non-Executive Directors during the year 2008-2009 and their shareholding in the Company are as under:

| Non-Executive Directors | Board Fees | Committee Fees | Rs.    |                    |
|-------------------------|------------|----------------|--------|--------------------|
|                         |            |                | Total  | No. of Shares held |
| Dr. S.S. Bajjal         | 12,000     | 6,000          | 18,000 | 1,500              |
| Mr. H.M. Parekh         | 24,000     | 20,000         | 44,000 | -                  |
| Mr. P.L. Agarwal        | 24,000     | -              | 24,000 | -                  |
| Mr. R.N. Deogun         | 24,000     | 6,000          | 30,000 | 1,500              |

There are no stock option plans of the Company.

### 5. Shareholders' Grievance and Share Transfer Committee:

The Committee at present consists of 1 Non-Executive Independent Director and the Managing Director, namely-

|                 |   |                            |
|-----------------|---|----------------------------|
| Mr. H.M. Parekh | - | Chairman (Non-Executive)   |
| Mr. C.S. Bedi   | - | Member (Managing Director) |

The Committee, which meets as and when required, met 6 times during the year.

|    |   |     |
|----|---|-----|
| a) | No. of complaints received from Stock Exchange / SEBI | Nil |
| b) | No. of complaints not resolved / no action taken      | Nil |
| c) | No. of pending Share transfers as on 11th June, 2009  | Nil |

Name and designation of Compliance Officer:

Mr. N.K. Khurana, Vice President (Finance)-cum-Company Secretary

Shareholders' grievances are resolved expeditiously. There is no grievance pending as on date.

## ROSSELL TEA LIMITED

### 6. General Body Meetings:

Location and time where last three AGMs were held:

| Date       | Location  | Time       |
|------------|---|------------|
| 27.07.2006 | Kala Kunj,<br>48, Shakespeare Sarani, Kolkata-700 017 | 10.30 a.m. |
| 19.09.2007 | -Do-  | 3.00 p.m.  |
| 28.07.2008 | -Do-  | 3.00 p.m.  |

No resolution was passed with the use of Postal Ballots in the last Annual General Meeting/ General Meeting.

The following Special Resolutions were passed in the General Meetings held since the last three years:

- a) In the Annual General Meeting held on 27th July, 2006:-Approval of the Members obtained under Sections 198, 269, 309 and 310 of the Companies Act, 1956 (i) for re-appointment of Mr. H. M. Gupta as Executive Chairman designated as Managing Director for a period of three years from 1st May, 2006 to 30th April, 2009 and (ii) Mr. C. S. Bedi as Executive Director for three years from 1st April, 2006 to 31st March, 2009.
- b) In the General Meeting held on 28th March, 2007:-Unanimous consent of the Members obtained under Section 80, 80A and 81(1A) of the Companies Act, 1956 for issue and allotment of 17,77,778 Equity Shares of Rs.10 each by way of conversion of 4,00,000 9% Non-Cumulative Redeemable Preference Shares of Rs.100 each at Rs.22.50 per Equity Share.
- c) In the Annual General Meeting held on 19th September, 2007:- Approval of the Members obtained (i) under Sections 198, 269, 309 and 310 of the Companies Act, 1956 for appointment of Mr. C. S. Bedi, as Managing Director for a period of three years from 1st October, 2007 to 30th September, 2010 and (ii) under Section 314 of the Companies Act, 1956 for appointment of Mr. Rishab Mohan Gupta being a relative of Mr. H. M. Gupta as Manager (Project) and (iii) under Section 81(1A) of the Companies Act, 1956 for issue and allotment of 10,25,000 Equity Shares of Rs.10 each at a price of Rs.100 per Equity Share to Foreign Institutional Investors on Preferential Allotment basis as per SEBI (Disclosure and Investor Protection) Guidelines, 2000.

### 7. Other Disclosures:

#### A. Related party transactions:

Disclosures on materially significant related party transactions: The Company has not entered into any transactions of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company. The transactions undertaken during the year have been disclosed in Note 12 of Schedule 18 forming part of the Accounts for the year ended 31st March, 2009.

- B. No **penalties / strictures** have been imposed on the Company by Stock Exchange or SEBI or any statutory authority for non-compliance of any laws on any matter related to capital markets, during the last three years.
- C. **Non-Mandatory requirements:** The Company has not yet adopted the Whistle Blower Policy and other non-mandatory requirements. However, the employees of the Company have readily access to the members of the Audit Committee.
- D. **Mandatory requirements:** The CEO and CFO placed the required certificate before the Board

## ROSSELL TEA LIMITED

certifying, inter alia, the authenticity of the Financial Statements and Cash Flow Statement for the year ended 31st March, 2009. All other mandatory requirements have been duly complied with, to the extent applicable.

### E. Declaration of compliance with the Code of Conduct

All the Directors and Senior Management personnel have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors on 25th April, 2005.

### F. Code for Prevention of Insider Trading

In accordance with Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (as amended), the Company has formulated a Code of Conduct, termed as "Rossell Tea Ltd. Code of Conduct for prohibition of Insider Trading" in terms of the above regulations, with effect from 24th October, 2002. The Board has appointed Mr. N. K. Khurana, Vice President (Finance)-cum- Company Secretary, as the Compliance Officer under the Code responsible for its implementation under the supervision of Shareholders' Grievance and Share Transfer Committee.

## 8. Means of Communication:

- a) Quarterly results and the half-yearly results are published in leading newspapers such as Business Standard (English) (all editions) and Aajkal (Bengali) (Kolkata).
- b) Company's Website: [www.rosselltea.com](http://www.rosselltea.com). Results are also sent to the Stock Exchanges for display on their Websites.

Company's E-mail address: [nk.khurana@rosselltea.com](mailto:nk.khurana@rosselltea.com)

- c) Management discussion and Analysis Report are covered by the Directors' Report.
- d) No presentation was made to any Institutional Investor or Analyst during the year.

## 9. General Shareholders' Information:

- (a) **AGM date, time and venue:**  
**31st July, 2009 at 4.00 P.M.**  
**Kala Kunj, 48, Shakespeare Sarani, Kolkata-700 017**

- (b) Financial calendar & Publication of Results:

The Financial Year of the Company is April to March.

Publication of Results were as follows:

| Period  | Approval by the Board of Directors |
|---|------------------------------------|
| 1st quarter ended 30th June, 2008   | On 28.07.2008                      |
| 2nd quarter ended 30th September, 2008  | On 31.10.2008                      |
| 1st Half: April – September   | On 31.10.2008                      |
| 3rd quarter ended 31st December, 2008   | On 30.01.2009                      |
| Final Audited Results for the Year including for the 4th quarter ended 31st March, 2009 | On 11.06.2009                      |

- (c) **Book Closure period:**

25th July, 2009 to 31st July, 2009 (both days inclusive)



## ROSSELL TEA LIMITED

**(d) Listing on Stock Exchanges :**

The Company's securities are listed at:

1. The Calcutta Stock Exchange Association Ltd.,  
7, Lyons Range, Kolkata-700 001
2. The Gauhati Stock Exchange Ltd.,  
2nd Floor, Shine Towers, S. J. Road, Arya Chowk, Rehabari, Guwahati-781 008

Listing Fees as prescribed, have been paid to all the aforesaid Stock Exchanges upto the Financial Year 2009-2010.

**Stock Code :**

| Stock Exchange                               | Stock Code |
|--|------------|
| The Calcutta Stock Exchange Association Ltd. | 17341      |
| The Gauhati Stock Exchange Ltd.              | GGL        |

**(e) Stock Price Data :**

There was no transaction of the Equity Shares of the Company at any of the Stock Exchanges during the year ended 31st March, 2009. However, at Calcutta Stock Exchange the last trading of Company's Equity Shares took place on 26th February, 2003 at Rs.18.80 per Equity Share.

In view of non-trading of Company's Equity Shares, no performance indicator could be highlighted.

**(f) Share Transfer System :**

The Company's shares are compulsorily traded in the demat form with effect from 29th January, 2001 for all categories of shareholders. All transfers are routed through the respective Accounts maintained with the Depository Participants (DPs) of the Investor.

**Code No. allotted by NSDL/CDSL :** (ISIN) INE 847C01012

Existing holders in physical mode are advised to open a Depository Account prior to any transaction.

**(g) Registrars and Share Transfer Agents :**

CB Management Services Private Limited, Kolkata are acting as the Registrars and Share Transfer Agents, including Depository Registrars for the Equity Shares of the Company.

**(h) Dematerialization of Shares:**

As on 5th June, 2009, 67,07,856 Nos. of Equity Shares, representing 91.40% of the Equity Capital have been dematerialised.

**(i) (i) Distribution of shareholding as on 31st March, 2009**

| Group of Shares | No. of Shareholders | %          | No. of Shares held | %             |
|-----------------|---------------------|------------|--------------------|---------------|
| 1 to 500        | 5,720               | 99.20      | 2,45,486           | 3.34          |
| 501 to 1000     | 11                  | 0.19       | 7,730              | 0.11          |
| 1001 to 2000    | 6                   | 0.11       | 8,938              | 0.12          |
| 2001 to 3000    | 3                   | 0.05       | 7,550              | 0.10          |
| 3001 to 4000    | 2                   | 0.03       | 7,720              | 0.11          |
| 4001 to 5000    | 1                   | 0.02       | 4,500              | 0.06          |
| 5001 to 10000   | 6                   | 0.10       | 46,778             | 0.64          |
| 10001 & higher  | 17                  | 0.30       | 70,10,593          | 95.52         |
| <b>Total</b>    | <b>5,766</b>        | <b>100</b> | <b>73,39,295</b>   | <b>100.00</b> |

## ROSSELL TEA LIMITED

### (ii) Shareholding pattern as at 31st March, 2009

| Category                        | No. of Shareholders | No. of Shares held | % to Equity Share Capital |
|---------------------------------|---------------------|--------------------|---------------------------|
| Foreign Companies               | 1                   | 1,10,000           | 1.50                      |
| Non-Resident Individuals        | 8                   | 210                | 0.00                      |
| Foreign Institutional Investors | 2                   | 10,25,000          | 13.97                     |
| Financial Institutions          | 12                  | 30,173             | 0.41                      |
| Mutual Funds & UTI              | 2                   | 30,002             | 0.41                      |
| Directors & their relatives     | 7                   | 7,49,957           | 10.22                     |
| Resident Individuals            | 5,653               | 6,01,555           | 8.19                      |
| Nationalized Banks              | 4                   | 18,090             | 0.25                      |
| Other Bodies Corporate          | 77                  | 47,74,308          | 65.05                     |
| <b>Total</b>                    | <b>5,766</b>        | <b>73,39,295</b>   | <b>100.00</b>             |

### (j) Plant Locations:

The Company owns five Tea Estates in Assam, as given below as on date. Each estate has its own well-equipped Factory for processing of Black Tea:

ASSAM

**Dist. Dibrugarh**  
Dikom, Romai

**Dist. Tinsukia**  
Nokhroy

**Dist. Nalbari**  
Nagriajuli

**Dist. Golaghat**  
Bokakhat

Note: Particulars of Area under Tea, Crop & Yield are given later in the Report.

### (k) Address for correspondence:

#### Registrars & Share Transfer Agents including Depository Registrar

CB Management Services Private Limited,  
P-22, Bondel Road, Kolkata-700 019  
Tel. : 4011 6700, 4011 6711, 4011 6718, 4011 6723  
E-mail : rta@cbmsl.com

#### Compliance Officer

Mr. N.K.Khurana  
Vice President (Finance)-cum- Company Secretary,  
Rossell Tea Limited,  
Jindal Towers, Block 'B', 4th Floor,  
21/1A/3, Darga Road, Kolkata- 700 017  
Tel: (033) 2287-4794/2290-3035, Fax: (033) 2287-5269  
E-Mail: nk.khurana@rosselltea.com

For and on behalf of the Board

Place : Kolkata  
Date : 11th June, 2008

H. M. Gupta  
Executive Chairman

**Auditors' Certificate on Compliance with the conditions of Corporate Governance**

**TO THE MEMBERS OF ROSSELL TEA LIMITED**

We have examined the compliance of conditions of Corporate Governance by Rossell Tea Limited for the year ended 31st March, 2009 as stipulated in Clause 49 (Revised) of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 the Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders' Grievance and Share Transfer Committee.

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

For S.S. Kothari & Co.  
*Chartered Accountants*

Place: Kolkata  
Date: 11th June, 2009

R.K. Roy Chaudhury  
*Partner*  
Membership No.8816

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**Declaration**

It is hereby declared that the Company has obtained affirmation for the year 2008-2009 from all members of the Board and Senior Management that they have complied with the Code of Conduct for Directors and Senior Management of the Company and shall comply with such Code during the year 2009-2010.

Place: Kolkata  
Date: 11th June, 2009

H. M. Gupta  
*Chief Executive Officer*

## **ROSSELL TEA LIMITED**

### **CEO and CFO Certification**

The Board of Directors  
Rossell Tea Ltd.  
Jindal Towers,  
Block 'B', 4th Floor,  
21/1A/3, Darga Road,  
Kolkata-700 017

Dear Sirs,

We hereby certify to the Board that :

- a) We have reviewed Financial Statements and Cash Flow Statement for the year ended 31st March, 2009 and that to the best of our knowledge and belief :
  - (i) these statements do not contain any materially untrue statement or omit any material factor or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee significant changes in internal control, if any during the year.

Yours faithfully,

H. M Gupta  
*Chief Executive Officer*

Place: Kolkata  
Date: 11th June, 2009

N. K. Khurana  
*Chief Finance Officer*

## **Auditors' Report**

### **To the Members of Rossell Tea Limited**

We have audited the attached Balance Sheet of Rossell Tea Limited as at 31st March, 2009, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date. 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.

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 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 of our opinion.

We report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of books.
3. The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
4. In our opinion, the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 except AS-15 regarding liability for gratuity and pension pending funding to the tune of Rs.103.49 lacs. (Refer Note No.12/II)
5. On the basis of the written representations received from the directors and taken on record by the Board of Directors, we report that 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 Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009,
  - (b) in the case of the Profit and Loss Account of the profit for the year ended on that date and
  - (c) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.
7. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Government of India under Section 227(4A) of the Companies Act, 1956 (the Act) and on the basis of such checks as we considered appropriate, we further state that:
  - i.
    - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of its fixed assets.
    - (b) As explained to us, these fixed assets have been physically verified by the management during the year which in our opinion is reasonable having regard to size of the Company and nature of its business. No material discrepancies were noticed on such verification as compared to book records.
    - (c) Substantial part of the Fixed Assets have not been disposed off during the year.
  - ii.
    - (a) The inventory excluding materials in transit and those lying with third parties have been physically verified by the management during the year, at reasonable intervals.

## ROSSELL TEA LIMITED

- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The Company is maintaining proper record of inventory. The discrepancies noticed on verification of stocks as compared to book records were not material and these have been properly dealt with in the books of account.
- iii. (a) The Company has not granted any loans secured or unsecured to any company, firm or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except to a Subsidiary Company, to whom an unsecured loan to the tune of Rs.75.10 lacs has been granted and the year end balance of the said loan is also Rs.90.10 lacs. The maximum amount due at any time during the year in respect of said loan amounts to Rs.115.00 lacs.
- (b) The Rate of Interest and other terms and conditions of such unsecured loan in our opinion are not prima facie pre-judicial to the Interest of the Company
- (c) There is no stipulation with regard to repayment of principal, which is payable on demand. The Interest thereon is generally being paid on monthly basis.
- (d) Therefore, no overdue amount has arisen as no demand for repayment of the principal has been made by the Company.
- (e) The Company has taken unsecured loans from three other Companies and from the Chairman and the Managing Director covered in the Register maintained under Section 301 of the Companies Act, 1956. The year end balance of loan taken from such parties was Rs.488.85 lacs and the maximum amount involved during the year was Rs. 1,390.85 lacs.
- (f) The rate of interest and terms and conditions on which unsecured loans have been taken from Companies covered in the Register maintained under Section 301 of the Companies Act, 1956 are, in our opinion, not prima facie prejudicial to the interest of the Company.
- (g) There is no stipulation with regard to repayment of principal and payment of interest on unsecured loans. However, the Company is paying interest amount generally on quarterly/monthly basis.
- iv. In our opinion and according to the explanations given, internal control procedures for the purchase of inventory and fixed assets and for the sale of goods and services are commensurate with the size of the Company and nature of its business. During the course of audit, we have not noticed any continuing failure to correct the major weaknesses in internal control system.
- v. (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 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 prevailing market prices at the relevant time.
- vi. In our opinion and according to the information and explanations given to us, the Company has not accepted Deposits from the Public during the year.
- vii. The Internal Audit system in existence is commensurate with the size of the Company and nature of its business.
- viii. The Central Government has prescribed for the maintenance of cost records under Clause (d) of sub-sec. (1) of Sec.209 of the Companies Act, 1956. We have broadly reviewed the records and Accounts maintained by the Company. We are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of such records.
- ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance,

## ROSSELL TEA LIMITED

income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

There is no arrears outstanding statutory dues as at the last day of the financial year for a period of more than 6 months from the date they became payable.

- (b) According to the information and explanation given to us, there are no dues of income tax, customs duty, wealth tax, service tax, excise duty and cess, which have not been deposited on account of any dispute except for Sales Tax. The details of which are as follows:

Appeals before Assistant Commissioner of Commercial Taxes for Rs.15.76 lacs on account of non-submission of Declaration Form / Purchase Tax under West Bengal Sales Tax Act, 1994 and/or Central Sales Tax Act, 1956 in respect of the year 2004-2005 and 2005-2006.

- x. The Company has no accumulated losses at the end of the Financial Year. The Company has not incurred cash losses during the financial year covered by our report or in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank. The Company has not taken loan from any financial institution or raised any money through issue of Debentures.
- xii. The Company has not granted loans and advances on the basis of Security by way of pledge of shares, debentures and other securities. Accordingly, the Clause 4(xii) of the Order is not applicable to the Company.
- xiii. In our opinion, the Company is not a chit fund or a *nidhil* / mutual benefit fund/society. Accordingly, the Clause 4(xiii) of the Order is not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the Clause 4(xiv) of the Order is not applicable to the Company.
- xv. The Company has given guarantee for loans taken by a Subsidiary Company from a Bank. Terms and conditions of such guarantee prima-facie are not prejudicial to the interest of the Company.
- xvi. In our opinion and according to information and explanations given to us, the term loans taken have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. During the year preferential allotment of shares has been made by the Company for which necessary resolution under section 81 of the Companies Act, 1956 has been passed in the Annual General Meeting.
- xix. During the period covered by our audit, the Company has not issued any debentures. Accordingly, the Clause 4(xix) of the Order is not applicable to the Company.
- xx. The Company has not raised money by Public Issue during the year. Accordingly, the Clause 4(xx) of the Order is not applicable to the Company.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For S.S.Kothari & Co.  
Chartered Accountants

R.K.Roy Chaudhury  
Partner  
Membership No.8816

Place : Kolkata  
Date : 11th June, 2009

**ROSSELL TEA LIMITED**

**Balance Sheet as at 31st March, 2009**

|   | <b>Schedule</b> | <b>As at 31.03.2009</b> | <b>As at 31.03.2008</b> |
|---|-----------------|-------------------------|-------------------------|
|   |                 | <b>Rs.</b>              | <b>Rs.</b>              |
| <b>SOURCES OF FUNDS</b>                           |                 |                         |                         |
| <b>Shareholders' Funds</b>                        |                 |                         |                         |
| Capital   | 1               | 7,33,92,950             | 6,31,42,950             |
| Reserves & Surplus                                | 2               | <u>1,09,45,97,846</u>   | <u>94,90,44,729</u>     |
|   |                 | <u>1,16,79,90,796</u>   | <u>1,01,21,87,679</u>   |
| <b>Loan Funds</b>                                 |                 |                         |                         |
| Secured Loans                                     | 3               | 16,51,65,135            | 5,79,75,613             |
| Unsecured Loans                                   | 4               | <u>4,99,31,981</u>      | <u>10,77,99,222</u>     |
|   |                 | <u>21,50,97,116</u>     | <u>16,57,74,835</u>     |
| <b>TOTAL</b>                                      |                 | <u>1,38,30,87,912</u>   | <u>1,17,79,62,514</u>   |
| <b>APPLICATION OF FUNDS</b>                       |                 |                         |                         |
| <b>Fixed Assets</b>                               |                 |                         |                         |
| Gross Block                                       | 5               | 1,18,88,03,271          | 1,15,89,74,853          |
| Less: Depreciation                                |                 | <u>10,78,27,627</u>     | <u>9,33,89,586</u>      |
| Net Block   |                 | 1,08,09,75,644          | 1,06,55,85,267          |
| Capital Work-in-Progress                          |                 | <u>50,43,987</u>        | <u>50,43,047</u>        |
|   |                 | <u>1,08,60,19,631</u>   | <u>1,07,06,28,314</u>   |
| <b>Investments</b>                                | 6               | 22,73,51,601            | 7,84,70,723             |
| <b>Deferred Tax Asset</b>                         |                 | 21,00,000               | 1,34,00,000             |
| <b>Current Assets, Loans &amp; Advances</b>       |                 |                         |                         |
| Inventories                                       | 7               | 2,13,98,475             | 2,14,75,086             |
| Sundry Debtors                                    | 8               | 54,51,675               | 88,33,364               |
| Cash and Bank Balances                            | 9               | 79,48,209               | 37,91,685               |
| Other Current Assets                              | 10              | 1,69,22,887             | 1,59,06,320             |
| Loans and Advances                                | 11              | <u>10,36,90,739</u>     | <u>5,99,53,896</u>      |
|   |                 | <u>15,54,11,985</u>     | <u>10,99,60,351</u>     |
| <b>Less: Current Liabilities &amp; Provisions</b> |                 |                         |                         |
| Current Liabilities                               | 12              | 6,95,13,126             | 7,95,22,299             |
| Provisions  | 13              | <u>1,82,82,179</u>      | <u>1,49,74,575</u>      |
|   |                 | <u>8,77,95,305</u>      | <u>9,44,96,874</u>      |
| <b>Net Current Assets</b>                         |                 | <u>6,76,16,680</u>      | <u>1,54,63,477</u>      |
| <b>TOTAL</b>                                      |                 | <u>1,38,30,87,912</u>   | <u>1,17,79,62,514</u>   |
| <b>Notes on Accounts</b>                          | 18              |                         |                         |

Schedules 1 to 13 and Schedule 18 referred to above form an integral part of the Balance Sheet

In terms of our Report of even date

For S.S.Kothari & Co.  
Chartered Accountants  
R.K.Roy Chaudhury  
Partner

C.S.Bedi  
Managing Director  
H.M.Parekh  
Director

H. M. Gupta  
Executive Chairman  
R.N.Deogun  
Director

P.L.Agarwal  
Director  
N.K.Khurana  
Vice-President (Finance)  
Cum Company Secretary

Place: Kolkata  
Date: 11th June, 2009



**ROSSELL TEA LIMITED**

**Profit and Loss Account for the year ended 31st March,2009**

|  | <u>Schedule</u> | <u>Rs.</u>              | <u>2008-2009</u><br><u>Rs.</u> | <u>2007-2008</u><br><u>Rs.</u> |
|--|-----------------|-------------------------|--------------------------------|--------------------------------|
| <b>INCOME</b>  |                 |                         |                                |                                |
| Sales  |                 |                         | <b>53,79,95,644</b>            | 46,99,51,055                   |
| Receipts for Technical and Support Services                |                 |                         | <b>3,71,82,199</b>             | 6,20,66,609                    |
| Other Income   | 14              |                         | <b>2,09,54,429</b>             | 2,29,67,782                    |
|  |                 |                         | <u><b>59,61,32,272</b></u>     | <u>55,49,85,446</u>            |
| <b>EXPENDITURE</b>   |                 |                         |                                |                                |
| Decrease in Stock  | 15              |                         | <b>1,86,557</b>                | 47,93,096                      |
| Expenses   | 16              |                         | <b>44,17,16,333</b>            | 40,29,46,561                   |
| Interest   | 17              |                         | <b>2,09,53,520</b>             | 1,11,53,618                    |
| Depreciation   |                 | <b>1,70,95,737</b>      |                                |                                |
| Less: Depreciation on amount added on revaluation (Note 2) |                 | <u><b>34,34,380</b></u> | <b>1,36,61,357</b>             | 1,36,49,980                    |
|  |                 |                         | <u><b>47,65,17,767</b></u>     | <u>43,25,43,255</u>            |
| <b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>                     |                 |                         | <b>11,96,14,505</b>            | 12,24,42,191                   |
| Profit (Loss) on sale of Investments (Net)                 |                 |                         | <b>(79,67,095)</b>             | 13,67,485                      |
| Unrealised (Loss) Gain on Exchange                         |                 |                         | <b>(1,09,80,000)</b>           | 38,90,000                      |
| Profit on sale of Property                                 |                 |                         | -                              | 11,98,00,898                   |
| <b>PROFIT BEFORE TAXATION</b>                              |                 |                         | <b>10,06,67,410</b>            | 24,75,00,574                   |
| Fringe Benefit Tax   |                 |                         | <b>12,50,000</b>               | 9,00,000                       |
| Provision for Current Taxation                             |                 |                         | <b>1,85,00,000</b>             | 2,05,00,000                    |
| Deferred Taxation Adjustment (Note 13 )                    |                 |                         | <b>1,13,00,000</b>             | 1,63,00,000                    |
| <b>PROFIT AFTER TAXATION</b>                               |                 |                         | <b>6,96,17,410</b>             | 20,98,00,574                   |
| Balance brought forward                                    |                 |                         | <b>3,56,76,667</b>             | (6,09,99,645)                  |
| Transfer from Exchange rate Variation Reserve              |                 |                         | <b>90,61,000</b>               | -                              |
| <b>PROFIT AVAILABLE FOR APPROPRIATION</b>                  |                 |                         | <u><b>11,43,55,077</b></u>     | <u>14,88,00,929</u>            |
| <b>APPROPRIATION</b>                                       |                 |                         |                                |                                |
| Transfer to Exchange Rate Variation Reserve                |                 |                         | -                              | 38,90,000                      |
| Transfer to General Reserve                                |                 |                         | <b>8,00,00,000</b>             | 10,00,00,000                   |
| Dividend on Equity Shares                                  |                 |                         | <b>1,10,08,943</b>             | 78,92,869                      |
| Tax on Dividend  |                 |                         | <b>18,70,970</b>               | 13,41,393                      |
| Balance carried forward                                    |                 |                         | <b>2,14,75,164</b>             | 3,56,76,667                    |
|  |                 |                         | <u><b>11,43,55,077</b></u>     | <u>14,88,00,929</u>            |
| <b>Earnings per Equity Share (Basic and Diluted)</b>       |                 |                         | <b>10.48</b>                   | <b>33.23</b>                   |

**Notes on Accounts**

18

Schedules 14 to 18 referred to above form an integral part of the Profit and Loss Account

In terms of our Report of even date

For S.S.Kothari & Co.  
*Chartered Accountants*

R.K.Roy Chaudhury  
*Partner*

C.S.Bedi  
*Managing Director*

H.M.Parekh  
*Director*

H. M. Gupta  
*Executive Chairman*

R.N.Deogun  
*Director*

P.L.Agarwal  
*Director*

N.K.Khurana  
*Vice-President (Finance)*  
*Cum Company Secretary*

Place: Kolkata  
Date: 11th June, 2009

## ROSSELL TEA LIMITED

### Schedules to the Balance Sheet

|   | As at 31.03.2009<br>Rs. | As at 31.03.2008<br>Rs. |
|---|-------------------------|-------------------------|
| <b>SCHEDULE 1</b>   |                         |                         |
| <b>CAPITAL</b>  |                         |                         |
| <b>Authorised</b>   |                         |                         |
| 90,00,000 (2008 - 90,00,000) Equity Shares of Rs.10 each  | <u>9,00,00,000</u>      | <u>9,00,00,000</u>      |
| <b>Issued and Subscribed</b>  |                         |                         |
| 73,39,295 (2008 - 63,14,295) Equity Shares of Rs. 10 each fully paid up   | <u>7,33,92,950</u>      | <u>6,31,42,950</u>      |
| Notes:  |                         |                         |
| 1. Of the above 30,35,717 Equity Shares have been issued for consideration other than cash and 17,77,778 Equity Shares have been issued by way of conversion of 4,00,000 9% Redeemable Preference Shares of Rs. 100 each. |                         |                         |
| 2. During the year 10,25,000 Equity Shares were issued in Cash on Preferential Allotment basis to Certain Foreign Institutional Investors (Note 3)  |                         |                         |
| 3. Of the above 46,52,509 (2008-46,52,509) Equity Shares are held by BMG Enterprises Ltd., the Holding Company.   |                         |                         |
| <b>SCHEDULE 2</b>   |                         |                         |
| <b>RESERVES AND SURPLUS</b>   |                         |                         |
| <b>Securities Premium Account</b>   |                         |                         |
| Balance as per last Account   | 16,87,04,823            | 16,87,04,823            |
| Add: Received during the year   | <u>9,22,50,000</u>      | <u>-</u>                |
|   | <u>26,09,54,823</u>     | <u>16,87,04,823</u>     |
| <b>Capital Reserve</b>  |                         |                         |
| Balance as per last Account   | 2,25,45,443             | 2,16,82,816             |
| Add: Compensation received for acquisition of Land  | <u>-</u>                | <u>8,62,627</u>         |
|   | <u>2,25,45,443</u>      | <u>2,25,45,443</u>      |
| <b>Revaluation Reserve</b>  |                         |                         |
| Balance as per last account   | 53,65,54,617            | -                       |
| Added on Revaluation  | <u>-</u>                | <u>53,65,54,617</u>     |
|   | <u>53,65,54,617</u>     | <u>53,65,54,617</u>     |
| Less: Withdrawal on account of depreciation on incremental amounts upon revaluation (Note 2)  | <u>34,34,380</u>        | <u>-</u>                |
|   | <u>53,31,20,237</u>     | <u>53,65,54,617</u>     |
| <b>General Reserve</b>  |                         |                         |
| Balance as per last Account   | 17,65,02,179            | 9,52,49,972             |
| Less: Other Adjustments   | <u>-</u>                | <u>1,87,47,793</u>      |
|   | <u>17,65,02,179</u>     | <u>7,65,02,179</u>      |
| Add: Transfer from Profit and Loss Account  | <u>8,00,00,000</u>      | <u>10,00,00,000</u>     |
|   | <u>25,65,02,179</u>     | <u>17,65,02,179</u>     |
| <b>Exchange Rate Variation Reserve</b>  |                         |                         |
| Balance as per last Account   | 90,61,000               | 51,71,000               |
| Add: Transfer from Profit and Loss Account  | <u>-</u>                | <u>38,90,000</u>        |
|   | <u>90,61,000</u>        | <u>90,61,000</u>        |
| Less: Transfer to Profit and Loss Account   | <u>90,61,000</u>        | <u>-</u>                |
|   | <u>-</u>                | <u>90,61,000</u>        |
| <b>Surplus in Profit and Loss Account</b>   | <u>2,14,75,164</u>      | <u>3,56,76,667</u>      |
|   | <u>1,09,45,97,846</u>   | <u>94,90,44,729</u>     |

**ROSSELL TEA LIMITED**

| <b>SCHEDULE 3</b>  | <b>As at 31.03.2009</b>    | <b>As at 31.03.2008</b>    |
|--|----------------------------|----------------------------|
| <b>SECURED LOANS</b>   | <b>Rs.</b>                 | <b>Rs.</b>                 |
| <b>From Banks</b>  |                            |                            |
| <b>Foreign Currency Term Loan</b>  |                            |                            |
| External Commercial Borrowing from   |                            |                            |
| The Bank of Beirut (U.K.) Ltd.<br>[ Secured by equitable mortgage of Dikom T.E.<br>pari passu with State Bank of India and equitable<br>mortgage of Bokakhat T.E.pari passu with IndusInd<br>Bank Ltd.]                      | <b>5,09,50,000</b>         | 3,99,70,000                |
| <b>Rupee Term Loan</b>   |                            |                            |
| Term Loan from HDFC Bank Ltd.<br>[ Secured by hypothecation of tea crop and<br>movable assets of Nokhroy, Nagrijuli and Romai T.Es.and<br>collaterally secured by equitable mortgage<br>of Nokhroy T.E. ]                    | <b>5,00,00,000</b>         | –                          |
| Term Loan from Develoment Credit Bank Ltd.<br>[ Secured by subservient charge on the Current Assets of the<br>Company and Corporate Guarantee of BMG Enterprises Ltd.,<br>the Holding Company ]                              | <b>3,00,00,000</b>         | –                          |
| Car Loan from HDFC Bank Ltd.<br>[Secured by hypothecation of Motor Car financed by them]   | <b>26,97,796</b>           | –                          |
| <b>Cash Credit Accounts</b>  |                            |                            |
| HDFC Bank Ltd.<br>[ Secured by hypothecation of tea crop and<br>movable assets of Nokhroy, Nagrijuli and Romai T.Es.and<br>collaterally secured by equitable mortgage<br>of Nokhroy T.E. ]                                   | <b>1,32,20,329</b>         | 31,98,642                  |
| State Bank Of India<br>[ Secured by hypothecation of tea crop<br>and movable assets of Dikom T.E.<br>and collaterally secured by equitable mortgage of<br>Dikom T.E. pari passu with The Bank of Beirut (U.K.) Ltd.]         | <b>1,02,82,957</b>         | 38,61,883                  |
| IndusInd Bank Limited<br>[ Secured by hypothecation of tea crop<br>and movable assets of Bokakhat T.E.and collaterally<br>secured by equitable mortgage of Bokakhat T.E.<br>pari passu with The Bank of Beirut (U.K.) Ltd. ] | <b>80,14,053</b>           | 1,09,45,088                |
|  | <b><u>16,51,65,135</u></b> | <b><u>5,79,75,613</u></b>  |
| <br><b>SCHEDULE 4</b>  |                            |                            |
| <b>UNSECURED LOANS</b>   |                            |                            |
| Intercorporate Deposits  | <b>2,59,35,307</b>         | 5,30,80,000                |
| Loan from Managing Director (Executive Chairman)   | <b>2,29,50,000</b>         | 5,36,50,000                |
| Interest accrued and due thereon   | <b>10,46,674</b>           | 10,69,222                  |
|  | <b><u>4,99,31,981</u></b>  | <b><u>10,77,99,222</u></b> |

**ROSSELL TEA LIMITED**

**SCHEDULE -5**

**FIXED ASSETS**

| Particulars                 | GROSS BLOCK                        |                                 |                            | DEPRECIATION                       |                   |                              | NET BLOCK   |                   |                   |
|-----------------------------|------------------------------------|---------------------------------|----------------------------|------------------------------------|-------------------|------------------------------|---|-------------------|-------------------|
|                             | Cost/Revalued<br>As at<br>31.03.08 | Additions<br>During the<br>Year | Increase on<br>Revaluation | Cost/Revalued<br>As at<br>31.03.09 | As at<br>31.03.08 | Additions<br>for the<br>Year | Written back<br>/ Adjustments<br>during the<br>Year | As at<br>31.03.09 | As at<br>31.03.08 |
|                             | Rs.                                | Rs.                             | Rs.                        | Rs.                                | Rs.               | Rs.                          | Rs.   | Rs.               | Rs.               |
| Land and Planted Teas       | 65,63,07,677                       | 90,84,832                       | -                          | 66,53,92,509                       | -                 | -                            | -   | 66,53,92,509      | 65,63,07,677      |
| Buildings                   | 27,91,66,690                       | 56,52,185                       | -                          | 28,48,18,875                       | 1,70,14,890       | 55,07,691                    | -   | 2,25,22,581       | 26,21,51,800      |
| Plant and Machinery         | 18,19,07,911                       | 92,53,226                       | 1,21,528                   | 19,10,39,609                       | 5,74,33,830       | 78,09,118                    | -   | 6,52,42,948       | 12,47,03,140      |
| Furniture and Fittings      | 94,62,417                          | 3,59,250                        | 1,46,243                   | 96,75,424                          | 44,93,013         | 5,90,586                     | 44,795  | 50,38,804         | 49,69,404         |
| Vehicles                    | 2,28,79,287                        | 88,63,577                       | 39,15,658                  | 2,78,27,206                        | 1,07,45,619       | 24,52,220                    | 25,19,302   | 1,06,78,537       | 1,21,33,668       |
| Office and Other Equipments | 92,50,871                          | 10,41,580                       | 2,42,803                   | 1,00,49,648                        | 37,02,234         | 7,36,121                     | 93,598  | 43,44,757         | 53,19,578         |
| Total                       | 1,15,89,74,853                     | 3,42,54,650                     | 44,26,232                  | 1,18,88,03,271                     | 9,33,89,586       | 1,70,95,736                  | 26,57,695   | 10,78,27,627      | 1,06,55,85,267    |
| Previous Year               | 61,27,70,990                       | 1,62,86,0076                    | 66,36,830                  | 53,65,54,617                       | 1,15,89,74,853    | 1,36,49,980                  | 37,88,863   | 9,33,89,586       | 1,06,55,85,267    |

Note : Disposal during the year under Plant and Machinery represents Rs. 1,21,528 received from Tea Board against Fixed Assets added during the year 2007-2008

**ROSSELL TEA LIMITED**

| <b>SCHEDULE 6</b>   | <b>As at 31.03.2009</b> | <b>As at 31.03.2008</b> |
|---|-------------------------|-------------------------|
| <b>INVESTMENTS</b>  | <b>Rs.</b>              | <b>Rs.</b>              |
| <b>At Cost</b>  | <b>Rs.</b>              | <b>Rs.</b>              |
| <b>Long Term Investments</b>  |                         |                         |
| <b>Trade Investments: Unquoted</b>  |                         |                         |
| <b>In Shares, Debentures or Bonds</b>   |                         |                         |
| Sigma Microsystems Private Limited (Subsidiary Company)<br>5,62,500 (2008 -5,62,500 ) Equity Shares of<br>Rs. 10 each fully paid up | <b>2,25,56,251</b>      | 2,25,56,251             |
| Rossell Aviation Private Limited (Subsidiary Company)<br>10,000(2008 -Nil ) Equity Shares of Rs. 10 each fully paid up              | <b>1,00,250</b>         | –                       |
| 50,000 (2008- 50,000) Equity Shares of Rs.10 each<br>fully paid up of Assam Hospitals Limited                                       | <b>5,00,000</b>         | 5,00,000                |
| 83,305 (2008- Nil) Equity Shares of Rs.1 each<br>fully paid up of Celsia Hotels Private Limited                                     | <b>12,50,00,805</b>     | –                       |
| 19,26,000 (2008- Nil) Equity Shares of Rs.1 each<br>fully paid up of PSK Resorts & Hotels Private Limited                           | <b>5,20,02,000</b>      | –                       |
| 100 (2008- Nil) Equity Shares of Singapore\$ 1 each<br>fully paid up of RV Enterprizes Pte. Ltd.                                    | <b>3,355</b>            | –                       |
| <b>Other Investments: Unquoted</b>  |                         |                         |
| <b>In Shares, Debentures or Bonds</b>   |                         |                         |
| 500 5.50% Non-Convertible Redeemable Taxable Bonds<br>Series VII of Rs. 10,000 each of Rural Electrification<br>Corporation Ltd.    | <b>50,00,000</b>        | 50,00,000               |
| <b>In Units</b>   |                         |                         |
| Face value Rs.10 each   |                         |                         |
| Nil (2008-64,117.769) Kotak Liquid (Institutional) Dividend   | –                       | 6,42,830                |
| 2,75,908.7964 (2008 - Nil) Kotak Floater Short Term (G)   | <b>39,66,331</b>        | –                       |
| Nil (2008-12,22.500) DSP Merrill Lynch World Gold Fund-Growth   | –                       | 12,50,006               |
| 1,50,000(2008-1,50,000) Sundaram BNP Paribas Energy Opportunities<br>Fund- Dividend   | <b>15,00,000</b>        | 15,00,000               |
| Nil (2008-2,50,000) Kotak Global Emerging Market Fund-Growth  | –                       | 25,00,000               |
| <b>Other Investments: Quoted</b>  |                         |                         |
| <b>In Shares, Debentures or Bonds</b>   |                         |                         |
| Equity Shares of Rs.10 each   |                         |                         |
| 13,840 (2008- 13,840) Mysore Petro Chemicals Limited  | <b>7,49,793</b>         | 7,49,793                |
| 2,878 (2008-1,10,000) HDFC Bank Ltd. (Formerly known as<br>Centurian Bank of Punjab Ltd.)   | <b>45,70,348</b>        | 60,65,000               |
| 8,504 (2008-4,888) ICICI Bank Ltd.  | <b>23,41,686</b>        | 56,93,113               |
| Nil (2008-1,350) Mundra port and Special Economic Zone Ltd.   | –                       | 11,88,006               |
| Nil (2008-1,000) Mahindra & Mahindra Ltd.   | –                       | 6,44,041                |
| 9,000 (2008-9,000) Power Grid Corporation of India Ltd.   | <b>11,63,408</b>        | 11,63,408               |
| Nil (2008-2,700) Reliance Industries Ltd.   | –                       | 71,59,066               |
| Nil (2008-7,500) Reliance Petroleum Ltd.  | –                       | 14,58,174               |
| 6,765 (2008-4,943) Infrastructure Development Finance Co. Ltd.  | <b>7,45,985</b>         | 9,63,982                |
| Nil (2008-1,000) Kotak Mahindra Bank Ltd.   | –                       | 10,64,731               |
| 4,500 (2008-4,500) NTPC Ltd.  | <b>10,46,294</b>        | 10,46,294               |
| 175 (2008-100) State Bank of India  | <b>2,92,490</b>         | 2,24,276                |
| 79 (2008-600) Tata Power Ltd.   | <b>48,121</b>           | 7,84,338                |

## ROSSELL TEA LIMITED

|   |              |   | As at 31.03.2009    | As at 31.03.2008    |
|---|--------------|---|---------------------|---------------------|
|   |              |   | Rs.                 | Rs.                 |
| Nil   | (2008-1,205) | Bharat Petroleum Ltd.                     | –                   | 4,84,446            |
| Nil   | (2008-994)   | CESC Ltd.                                 | –                   | 5,59,181            |
| Nil   | (2008-231)   | Container Corporation of India Ltd.       | –                   | 3,67,613            |
| 1,544   | (2008-1,576) | Gujrat Narmada Fertiliser Ltd.            | <b>2,32,160</b>     | 2,36,945            |
| Nil   | (2008-1,804) | Hindustan Petroleum Corporation Ltd.      | –                   | 5,18,575            |
| Nil   | (2008-3,236) | NIIT Ltd.                                 | –                   | 4,40,629            |
| 655   | (2008-1,233) | Rallis India Ltd.                         | <b>2,71,930</b>     | 4,82,729            |
| Nil   | (2008-1,161) | Tata Motors Ltd.                          | –                   | 8,99,021            |
| Nil   | (2008-913)   | Tata Tea Ltd.                             | –                   | 7,75,384            |
| Nil   | (2008-940)   | Television Eighteen India Ltd.            | –                   | 4,51,182            |
| Nil   | (2008-1,506) | Tata Communications Ltd.                  | –                   | 7,10,570            |
| 502   | (2008-Nil)   | Reliance Capital Ltd.                     | <b>1,56,652</b>     | –                   |
| 148   | (2008-Nil)   | Bharti Airtel Ltd.                        | <b>82,153</b>       | –                   |
| 1,590   | (2008-Nil)   | Cairn India Ltd.                          | <b>2,51,171</b>     | –                   |
| Fully Paid Equity Shares of Rs.5 each                                   |              |   |                     |                     |
| Nil   | (2008-2,000) | Reliance Communications Ltd.              | –                   | 14,05,449           |
| 2,138   | (2008-2,021) | Network 18 Media & Investments Ltd.       | <b>7,10,792</b>     | 6,73,050            |
| Nil   | (2008-337)   | Network 18 Media & Investments Ltd.-PCCPS | –                   | 50,620              |
| Fully Paid Equity Shares of Rs.2 each                                   |              |   |                     |                     |
| Nil   | (2008-850)   | Divi's laboratories Ltd.                  | –                   | 12,22,826           |
| 5,000   | (2008-5,000) | GMR Infrastructure Ltd.                   | <b>8,97,642</b>     | 8,97,642            |
| 3,500   | (2008-3,500) | Jaiprakash Associates Ltd.                | <b>11,97,616</b>    | 11,97,616           |
| 1,460   | (2008-600)   | Larsen & Toubro Ltd.                      | <b>22,34,354</b>    | 20,84,808           |
| 1,000   | (2008-1,000) | Punj Lloyd Ltd.                           | <b>4,40,106</b>     | 4,40,106            |
| Nil   | (2008-322)   | Financial Technologies Ltd.               | –                   | 8,29,533            |
| Nil   | (2008 - 949) | Gammon India Ltd.                         | –                   | 5,20,486            |
| Nil   | (2008-2,489) | Max india Ltd.                            | –                   | 5,87,977            |
| Fully Paid Equity Shares of Rs.1 each                                   |              |   |                     |                     |
| Nil   | (2008-400)   | Jindal Steel and Power Ltd.               | –                   | 9,22,170            |
| 193   | (2008-Nil)   | Sesa Goa Ltd.                             | <b>14,097</b>       | –                   |
| Nil   | (2008-4,539) | Marico Ltd.                               | –                   | 2,83,045            |
|   |              |   | <b>22,80,75,790</b> | 7,91,94,912         |
| Less: Provision for diminution in the value of Investments              |              |   | <b>7,24,189</b>     | 7,24,189            |
|   |              |   | <b>22,73,51,601</b> | 7,84,70,723         |
| <b>Aggregate Book value (Net of Provisions)</b>                         |              |   |                     |                     |
| Quoted Investments  |              |   | <b>1,74,46,798</b>  | 4,45,21,636         |
| Unquoted Investments  |              |   | <b>20,99,04,803</b> | 3,39,49,087         |
|   |              |   | <b>22,73,51,601</b> | 7,84,70,723         |
| Market Value of Quoted Investments                                      |              |   | <b>90,73,289</b>    | 3,59,16,186         |
| <b>Shares, Debentures or Bonds purchased and sold during the year :</b> |              |   | <b>Numbers</b>      | <b>Cost<br/>Rs.</b> |
| Fully Paid Equity Shares of Rs.10 each                                  |              |   |                     |                     |
| ICICI Bank Ltd.   |              |   | <b>2,024</b>        | 9,17,245            |
| CESC Ltd.   |              |   | <b>180</b>          | 64,193              |
| Container Corporation of India Ltd. (Bonus Shares Allotted)             |              |   | <b>231</b>          | –                   |
| Tata Motors Ltd.  |              |   | <b>1,693</b>        | 3,65,424            |
| Bharti Airtel Ltd.  |              |   | <b>628</b>          | 3,50,640            |
| NIIT Ltd.   |              |   | <b>623</b>          | 67,278              |
| Television Eighteen India Limited                                       |              |   | <b>318</b>          | 79,061              |

## ROSSELL TEA LIMITED

|  | <u>Numbers</u>          | <u>Cost Rs.</u>         |
|--|-------------------------|-------------------------|
| Reliance Capital Ltd.  | 421                     | 5,71,402                |
| Fully Paid Equity Shares of Rs.5 each<br>Network 18 Media & Investments Ltd. (Bonus Shares Allotted) | 235                     | –                       |
| Fully Paid Equity Shares of Rs.2 each<br>Max India Ltd.  | 179                     | 35,988                  |
| Financial Technologies Ltd.  | 118                     | 1,82,234                |
| Gammon India Ltd.  | 444                     | 96,081                  |
|  | <hr/>                   | <hr/>                   |
| <b>Units purchased and redeemed during the year :</b>  |                         |                         |
| Kotak Liquid ( Institutional)-Dividend   | 4,85,589                | 48,69,867               |
| Kotak Gilt Savings Plan  | 3,42,743                | 69,40,051               |
| Kotak Floater Long Term (G)  | 3,37,402                | 46,21,510               |
| Kotak Floater Short Term (G)   | 3,60,099                | 51,92,392               |
|  | <hr/>                   | <hr/>                   |
| <b>SCHEDULE 7</b>  | <b>As at 31.03.2009</b> | <b>As at 31.03.2008</b> |
| <b>INVENTORIES</b>   | <b>Rs.</b>              | <b>Rs.</b>              |
| Stock of Tea at lower of cost and net realisable value   | 72,76,881               | 75,73,438               |
| Stock of Stores & Spares at or under cost  | 1,39,95,166             | 1,39,01,648             |
| Stock of Raw Materials at cost   | 16,428                  | –                       |
| Work-in-progress at works cost   | 1,10,000                | –                       |
|  | <hr/>                   | <hr/>                   |
|  | <b>2,13,98,475</b>      | <b>2,14,75,086</b>      |
| <b>SCHEDULE 8</b>  |                         |                         |
| <b>SUNDRY DEBTORS</b>  |                         |                         |
| Unsecured , Considered Good<br>Debts outstanding for a period exceeding<br>six months                | –                       | –                       |
| Other Debts  | 54,51,675               | 88,33,364               |
|  | <hr/>                   | <hr/>                   |
|  | <b>54,51,675</b>        | <b>88,33,364</b>        |
| <b>SCHEDULE 9</b>  |                         |                         |
| <b>CASH AND BANK BALANCES</b>  |                         |                         |
| Cash in Hand   | 2,31,177                | 1,21,978                |
| Remittance -in- Transit  | 4,61,500                | –                       |
| With Scheduled Banks   |                         |                         |
| on Current Accounts  | 33,39,468               | 35,56,975               |
| on EEFC Account in USD   | 22,63,050               | –                       |
| on EEFC Account in Euro  | 15,41,573               | –                       |
| on Margin Money Account  | 39,824                  | 60,238                  |
| on Unpaid Dividend Accounts  | 71,617                  | 52,494                  |
|  | <hr/>                   | <hr/>                   |
|  | <b>79,48,209</b>        | <b>37,91,685</b>        |
| <b>SCHEDULE 10</b>   |                         |                         |
| <b>OTHER CURRENT ASSETS</b>  |                         |                         |
| Interest Accrued on Deposits   | 11,77,335               | 3,80,226                |
| Other Receivables  | 1,57,45,552             | 1,55,26,094             |
|  | <hr/>                   | <hr/>                   |
|  | <b>1,69,22,887</b>      | <b>1,59,06,320</b>      |

## ROSSELL TEA LIMITED

| SCHEDULE 11  | As at 31.03.2009<br>Rs. | As at 31.03.2008<br>Rs. |
|--|-------------------------|-------------------------|
| <b>LOANS &amp; ADVANCES</b>  |                         |                         |
| Unsecured , Considered Good  |                         |                         |
| Advances for Capital Assets  | 2,46,68,287             | 2,40,38,309             |
| Intercompany Deposits  | 3,40,10,000             | 1,73,50,000             |
| Advances recoverable in cash or in kind or<br>for value to be received | 2,51,69,931             | 98,63,530               |
| Deposits   | 1,98,42,521             | 87,02,057               |
|  | <u>10,36,90,739</u>     | <u>5,99,53,896</u>      |

| SCHEDULE 12                  |                    |                    |
|------------------------------|--------------------|--------------------|
| <b>CURRENT LIABILITIES</b>   |                    |                    |
| Sundry Creditors             | 1,18,26,041        | 1,65,16,390        |
| Other Liabilities            | 5,72,27,368        | 6,24,67,479        |
| Interest Accrued but not Due | 4,44,101           | 4,85,936           |
| Unpaid Dividend *            | 71,616             | 52,494             |
|                              | <u>6,95,69,126</u> | <u>7,95,22,299</u> |

[Transfer to Investor Protection Fund Rs. 52,495 (A/c 2000-2001) during the year.]

\* Investor Education and Protection Fund shall be credited by this Amount, when due.

| SCHEDULE 13                  |                    |                    |
|------------------------------|--------------------|--------------------|
| <b>PROVISIONS</b>            |                    |                    |
| Provision for Taxation (Net) | 54,02,266          | 57,40,313          |
| Proposed Dividend            | 1,10,08,943        | 78,92,869          |
| Tax on Dividend              | 18,70,970          | 13,41,393          |
|                              | <u>1,82,82,179</u> | <u>1,49,74,575</u> |

### Schedules to the Profit and Loss Account

|   | 2008-2009<br>Rs.   | 2007-2008<br>Rs.   |
|---|--------------------|--------------------|
| <b>SCHEDULE - 14</b>                                    |                    |                    |
| <b>OTHER INCOME</b>                                     |                    |                    |
| Interest  |                    |                    |
| On Intercompany Deposits                                | 16,84,206          | 12,67,168          |
| [Tax deducted at source Rs.1,62,583 {2008-Rs.2,87,140}] |                    |                    |
| On Other Deposits                                       | 13,90,878          | 1,98,547           |
| [Tax deducted at source Rs.1,62,241 {2008-Rs.26,287}]   |                    |                    |
| On Fixed Deposits with Banks                            | -                  | 9,82,122           |
| [Tax deducted at source Rs.Nil {2008-Rs.2,00,368}]      |                    |                    |
| On Income Tax Refund                                    | <u>1,11,008</u>    | <u>1,31,211</u>    |
|   | 31,86,092          | 25,79,048          |
| Dividend  | 2,54,101           | 3,07,077           |
| Gain on Exchange (Net)                                  | -                  | 22,92,650          |
| Subsidy - Replanting                                    | 16,69,844          | 21,15,662          |
| Tea Board Orthodox Subsidy Scheme                       | 1,02,20,435        | 1,14,74,750        |
| Sale of DEPB Licence                                    | 29,40,437          | 31,70,380          |
| Sundry Receipts   | 10,58,053          | 10,28,215          |
| Liabilities no longer required written back             | 16,25,467          | -                  |
|   | <u>2,09,54,429</u> | <u>2,29,67,782</u> |



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| <b>SCHEDULE - 15</b>   | <b>2008-2009</b>    | <b>2007-2008</b>    |
|--|---------------------|---------------------|
| <b>(INCREASE)/DECREASE IN STOCK</b>                            | <b>Rs.</b>          | <b>Rs.</b>          |
| Opening Stock Of Tea   | 75,73,438           | 1,23,66,534         |
| Less: Closing Stock Of Tea                                     | <u>72,76,881</u>    | <u>75,73,438</u>    |
|  | 2,96,557            | 47,93,096           |
| Less: Closing Work-in-process                                  | <u>1,10,000</u>     | -                   |
|  | <u>1,86,557</u>     | <u>47,93,096</u>    |
| <br><b>SCHEDULE - 16</b>                                       |                     |                     |
| <b>EXPENSES</b>  |                     |                     |
| <b>Payment and benefits to employees</b>                       |                     |                     |
| Salaries, Wages and Bonus                                      | 17,07,82,035        | 17,24,17,355        |
| Contribution to Provident and other Funds                      | 2,32,12,920         | 2,28,18,564         |
| Workmen and Staff Welfare                                      | <u>2,78,56,081</u>  | <u>2,53,17,731</u>  |
|  | <u>22,18,51,036</u> | <u>22,05,53,650</u> |
| <b>Other Expenses</b>  |                     |                     |
| Consumption of Stores and Spare Parts                          | 6,51,59,139         | 3,94,77,793         |
| Purchase of Green Leaf   | 6,25,005            | 78,06,467           |
| Consumption of Raw Materials                                   | 11,15,070           | -                   |
| Power and Fuel   | 3,95,43,666         | 4,18,73,228         |
| Tea Cess   | 13,05,766           | 13,46,465           |
| Cess on Green Leaf   | 57,41,347           | 58,97,493           |
| Rent   | 28,67,811           | 19,32,863           |
| Rates and Taxes  | 19,20,363           | 4,81,381            |
| Repairs to Building  | 1,45,60,739         | 1,03,96,389         |
| Repairs to Machinery   | 1,09,57,544         | 96,24,553           |
| Other Repairs and Maintenance                                  | 32,78,096           | 12,53,687           |
| Vehicles Maintenance   | 46,29,519           | 45,09,120           |
| Transportation   | 1,17,88,493         | 1,25,27,729         |
| Shipment Charges   | 33,16,040           | 33,68,235           |
| Warehousing and Selling Expenses                               | 90,24,094           | 1,03,54,148         |
| Brokerage  | 38,78,665           | 33,41,932           |
| Commission on Sales  | 23,07,603           | 24,76,722           |
| Insurance  | 11,46,572           | 12,47,602           |
| Directors' Fee and Commission                                  | 2,66,000            | 2,80,000            |
| Auditors' Remuneration   | 2,48,102            | 2,33,463            |
| Travelling and Conveyance                                      | 89,27,828           | 83,18,727           |
| Miscellaneous Expenses   | 2,49,38,230         | 1,55,58,633         |
| Loss on Exchange (Net)   | 11,46,759           | -                   |
| Loss on Disposal of Fixed Asset (Net)                          | 11,72,846           | 86,281              |
|  | <u>21,98,65,297</u> | <u>18,23,92,911</u> |
|  | <u>44,17,16,333</u> | <u>40,29,46,561</u> |
| <br><b>SCHEDULE - 17</b>                                       |                     |                     |
| <b>INTEREST</b>  |                     |                     |
| On Bank Overdraft  | 60,76,908           | 15,77,057           |
| On Term Loans to Banks   | 71,35,508           | 47,83,738           |
| On Intercorporate Deposits                                     | 57,14,995           | 44,12,096           |
| On Unsecured Loan from Managing Director ( Executive Chairman) | <u>39,13,793</u>    | <u>44,23,180</u>    |
|  | 2,28,41,204         | 1,51,96,071         |
| Less: Interest Subsidy   | <u>18,87,684</u>    | <u>40,42,453</u>    |
|  | <u>2,09,53,520</u>  | <u>1,11,53,618</u>  |

## **ROSSELL TEA LIMITED**

### **SCHEDULE 18**

#### **NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009**

##### **1. Significant Accounting Policies**

###### **1.1 Basis of Accounting**

The financial statements have been prepared in accordance with historical cost concept.

###### **1.2 Fixed Assets**

Fixed Assets are stated at cost of acquisition, net of subsidy received, where applicable together with resultant write up due to revaluation and depreciated on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

The cost of Extension Planting on cultivable land including cost of development is capitalised. However, cost of upkeep and maintenance of the areas still not matured for plucking and cost of replanting in existing areas are charged to revenue.

Profit or Loss on disposal of Fixed Assets is recognized in the Profit and Loss Account.

Any Impairment Loss is recognized, if and when the carrying value of Fixed Assets of a cash generating unit exceeds its market value or value in use, whichever is higher as per Accounting Standard, AS-28, Impairment of Assets, issued by the Institute of Chartered Accountants of India.

###### **1.3 Foreign Currency Transaction**

Foreign Currency Transactions are converted and accounted for at the rates prevailing on the dates of transaction. Year-end current assets (Monetary Items) and liabilities are restated at the year-end exchange rate and resultant net gain or loss is adjusted in the Profit and Loss Account as prescribed by Accounting Standard-11, Accounting for the Effect of Changes in Foreign Exchange Rates, issued by the Institute of Chartered Accountants of India.

###### **1.4 Investments**

Investments are stated at cost of acquisition and treated as long term investments. Profit and Loss on sale of investments have been recognized as an exceptional item in the Profit and Loss Account for the year.

###### **1.5 Inventories**

Stock of Tea is valued at lower of cost and net realisable value and that of stores and spares is valued at or under cost. Stock of Raw Materials and Work-in-progress have been valued at respective cost.

###### **1.6 Staff Benefits**

- a) The Company operates Defined Contribution Schemes namely, Provident Fund and Superannuation Fund for certain classes of employees. Monthly contribution is made to these funds which are fully funded and administered by Trustees and are independent of Company's finance. Contributions are recognized in Profit and Loss Account on an accrual basis. The shortfall between the interest distributed to the Members of the Provident Fund in terms of the provision of the relevant Trust Deed and interest that could be distributed out of the surplus of the fund, is also being recognized in Profit and Loss Account in the year to which the shortfall relates.
- b) Defined Benefit Plans like Gratuity and Pension Schemes (frozen as on 31st March, 2002) are also maintained by the Company. The Company contributes to these funds and such contribution is determined by the actuary at the end of the year. Pending full funding to said Gratuity and defined benefit Pension Fund, the Company ascertains the liability on the basis of an actuarial valuation at the end of each year. Actuarial gains and losses are recognized in the Profit and Loss Account. The Company also recognizes in the Profit and Loss Account gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs. Both the pension funds and gratuity fund are administered by the Trustees and are independent of Company's finance.

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s) Leave encashment liability for certain eligible employees, as determined on the basis of an actuarial valuation, is provided for at the end of each year, except where the same is actually ascertained and paid/provided for and charge is recognized in the Profit and Loss Account.

5.3 Estimated amount of Contingent Liabilities not provided for in respect of West Bengal Sales Tax and Central Excise (Bengal) – **Rs.15,75,867** (2008- 2,46,748)

6.1 Borrowing cost recognized as an expense to the extent the same has been incurred for the year, unless such cost is directly attributable to the acquisition, construction or production of a qualifying asset

6.2 Add-on interest payable on the cost of kind asset as prescribed by Accounting Standard for Subsidiary Companies issued by the Institute of Chartered Accountants of India, 2008. Rs. Nil (2007- Rs. Nil) maximum amount due at any time during the year

**1.8 Revenue Recognition**

6.3 Deposits include the balance with NABARD deposited under the Tea Development Account Scheme, 1990 items of income and expenditure are recognized on accrual and prudent basis. **Rs. 1,31,47,945** (2008- Rs. 33,00,000).

**1.9 Replanting Subsidy**

7.1 The total remuneration paid/payable to Executive Chairman and Managing Director and charged in these accounts under various heads is recognized as income in the Profit and Loss Account in the year of receipt on prudent basis.

|  | 2008-2009<br>Rs.    | 2007-2008<br>Rs.    |
|--|---------------------|---------------------|
| <b>1.10 Taxes on Income</b>  |                     |                     |
| Salient Tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rates and laws. Provisions for Deferred Taxation is made at the current rate of taxation, on all timing difference, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred Tax Assets are reviewed at each Balance Sheet date to reassess realization.                                       | <b>24,60,000</b>    | <b>22,80,000</b>    |
| Contribution to Provident and other Funds  | <b>12,67,940</b>    | <b>28,37,552</b>    |
| Corporate Income Tax   | <b>7,66,700</b>     | <b>7,32,500</b>     |
| Asset Depreciation   | <b>6,50,047</b>     | <b>5,69,901</b>     |
| 2. Based on the Valuation Report submitted by Professional Valuer appointed for the purpose, Land and Planted Teas, Buildings and certain items of Plant and Machinery of the Company were revalued as at 31st March 2008 on the basis of the provisions laid down in Section 35D of the Companies Act, 1956 for the purpose of increasing the value of the Fixed Assets. The increase in value of Fixed Assets of Rs. 53,44,587 was added to cost with corresponding credit to Revaluation Reserve as at 31st March, 2008, as under : | <b>53,44,587</b>    | <b>63,89,053</b>    |
| Profit before Taxation as per Profit and Loss Account  | <b>10,06,67,410</b> | <b>10,06,67,410</b> |
| Add Material Remuneration  | <b>31,50,99,780</b> | <b>31,50,99,780</b> |
| 2. Directors' Fees and Commission  | <b>11,26,644</b>    | <b>11,26,644</b>    |
| 3. Depreciation  | <b>5,03,28,193</b>  | <b>5,03,28,193</b>  |
| Total  | <b>53,65,54,617</b> | <b>53,65,54,617</b> |
| Less :   |                     |                     |
| Depreciation on the aforesaid revalued Fixed Assets has also been provided on the amounts added on revaluation as per straight line method at the rates specified in Schedule XIV of the Companies Act, 1956 and withdrawn from Revaluation Reserve amounting to Rs. 34,34,380 for the year. (Schedule 2)  | <b>1,36,61,357</b>  | <b>1,36,61,357</b>  |
| Commission Payable to  | <b>14,67,840</b>    | <b>14,67,840</b>    |
| 3. The Company issued and allotted on 5th December, 2008, 10,25,000 Equity Shares of Rs.10 each in the Company at Rs.100 per Equity Share to certain Foreign Institutional Investors on Preferential Allotment Basis as per SEBI (Disclosure & Investor Protection) Guidelines, 2000. The proceeds of Rs.10,25,00,000 were fully utilized for the purpose as stated, for financing its ongoing projects viz. investment of Equity Shares of 51% formed for the purpose of acquiring various Hotels in India.                           | <b>53,13,900</b>    | <b>53,13,900</b>    |
| (a) Executive Chairman @ 5% thereof  | <b>53,13,900</b>    | <b>53,13,900</b>    |
| Limited to   | <b>14,67,840</b>    | <b>14,67,840</b>    |
| (b) Non-Executive Directors @ 1% thereof   | <b>10,62,780</b>    | <b>10,62,780</b>    |
| Limited to   | <b>1,50,000</b>     | <b>1,50,000</b>     |
| 4. Exchange Rate Variation Reserve created in earlier years representing recognition of gain/loss on External Commercial Borrowing (ECB) in Foreign Exchange outstanding at the year end amounting to Rs. 90,61,000 till 31st March, 2008 has been transferred to the Profit and Loss Account. Unrealized Loss on Exchange as on 31st March, 2009 amounting to Rs. 1,09,86,000 has been recognized as an exceptional item in the Profit and Loss Account for the year.   | <b>1,09,86,000</b>  | <b>1,09,86,000</b>  |
| 8.1 Auditors' Remuneration   | <b>1,65,450</b>     | <b>1,62,922</b>     |
| Audit Fees   | <b>1,65,450</b>     | <b>1,62,922</b>     |
| 5.1. Estimated amount of contracts remaining to be executed on Capital Account and not provided (net of advance) for Tax Audit Fees  | <b>16,854</b>       | <b>16,854</b>       |
| Rs. 2,34,34,000 (2008 - Rs.3,22,50,000).   | <b>61,798</b>       | <b>51,687</b>       |
| For Certification Job  | <b>4,000</b>        | <b>2,000</b>        |
| 5.2. The Company provided during the year a Corporate Guarantee to a Bank for securing the Fund based and Non Fund based working capital facilities to Sigma Microsystems Private Limited, a Subsidiary Company.   | <b>2,48,102</b>     | <b>2,39,463</b>     |

## ROSSELL TEA LIMITED

- 8.2** Miscellaneous Expenses include Audit Fees paid to Cost Auditors - **Rs. 56,180** (2007-2008 Rs. 56,180)
- 8.3** Miscellaneous Expenses also include contribution to Indian National Congress, a Political Party within the meaning of 293A of the Companies Act, 1956 - **Rs. 25,00,000** (2007-2008 - Nil)
- 8.4.** Repairs to Buildings in Schedule 16 is exclusive of salaries and wages amounting to **Rs. 13,42,307** (2007-2008 - Rs. 12,77,214), which have been included in Salaries, Wages and Bonus.
- 9.** The relevant information pursuant to the provisions of Paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956 is given below:

### 9.1 Rossell Tea Division – Black Tea

|  | 2008-2009                           | 2007-2008                    |
|--|-------------------------------------|------------------------------|
| <b>9.1.1</b> Licensed Capacity   | <b>Not Applicable</b>               | Not Applicable               |
| Installed Capacity (Kgs.)  | <b>50,00,000</b>                    | 50,00,000                    |
| (As estimated by the Management)   |                                     |                              |
| <b>9.1.2</b> Saleable Production (Kgs.)                                    | <b>41,67,296</b>                    | 44,39,053                    |
| <b>9.1.3</b> Opening Stock (Kgs.)  | <b>1,00,510</b>                     | 1,75,924                     |
| - Value (Rs.)  | <b>75,73,438</b>                    | 1,23,66,534                  |
| Sales (including claims, damages samples etc.) (Kgs.)                      | <b>41,85,013</b>                    | 45,14,467                    |
| - Value (Rs.)  | <b>53,63,51,889</b>                 | 46,99,51,055                 |
| Closing Stock (Kgs.)   | <b>82,793</b>                       | 1,00,510                     |
| - Value (Rs.)  | <b>72,76,881</b>                    | 75,73,438                    |
| <b>9.1.4 (i)</b> Raw Materials Consumed (Green Leaf) (Indigenous) (Kgs.)   | <b>1,79,41,733</b>                  | 1,84,32,586                  |
| (Own cultivation)- Value   | <b>Not required to be disclosed</b> | Not required to be disclosed |
| (ii) Raw Materials Purchased and Consumed (Green Leaf) (Indigenous) (Kgs.) | <b>64,563</b>                       | 7,86,468                     |
| - Value (Rs.)  | <b>6,25,005</b>                     | 78,06,468                    |

### 9.2 Vankesh Avionics Technologies Division - Manufacturing, Design and Development of Avionics, Aviation and Electronic Equipments (w.e.f. 1st October, 2008 and therefore, previous year's figures are not available)

|  |                          |
|--|--------------------------|
| <b>9.2.1</b> Licensed Capacity                             | <b>Not Applicable</b>    |
| Installed Capacity   | <b>Not Ascertainable</b> |
| <b>9.2.2</b> Saleable Production                           | <b>2 Units</b>           |
| <b>9.2.3</b> Opening and Closing Stock of Finished Product |                          |
| - Value (Rs.)  | <b>Nil</b>               |
| Sales  | <b>2 Units</b>           |
| - Value (Rs.)  | <b>16,43,755</b>         |
| Closing Stock (Raw Materials)                              |                          |
| - Value (Rs.)  | <b>16,428</b>            |

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|  |                         |                  |
|--|-------------------------|------------------|
| Closing Work-in-Progress   |                         |                  |
| - Value (Rs.)  | <b>1,10,000</b>         |                  |
| <b>9.2.4 Raw Materials Consumed (Indigenous)</b>   |                         |                  |
| - Value (Rs.)  | <b>11,15,070</b>        |                  |
| Note : In view of numerous items it is not possible to provide for the required quantitative information.  |                         |                  |
| <b>9.3 Stores and Spares Consumed and debited to various heads of Account in the Profit and Loss A/c (Indigenous) (Rs.)</b>  | <b>9,36,98,235</b>      | 6,13,87,075      |
| <b>9.4 Expenditure in Foreign Currency (Rs.)</b>   |                         |                  |
| Foreign Travel   | <b>29,44,451</b>        | 28,73,048        |
| Commission on Sales  | <b>10,73,347</b>        | 13,97,297        |
| Subscription   | <b>29,358</b>           | 74,058           |
| Interest on Foreign Currency   |                         |                  |
| Term Loan (Net of TDS)   | <b>19,13,728</b>        | 40,74,773        |
| <b>9.5 Earnings in Foreign Currency</b>  |                         |                  |
| F.O.B. Value of Export Sales   | <b>8,01,21,430</b>      | 7,98,97,941      |
| Receipts for Technical and Support Services  | <b>2,83,79,341</b>      | 2,92,27,506      |
| <b>9.6 Value of Imports calculated on C.I.F. Basis</b>   |                         |                  |
| Capital Goods  | <b>34,63,200</b>        | -                |
| <b>10. Remittance in Foreign Currency on account of Dividend :</b>   |                         |                  |
| Amount (Rs.)   | <b>1,37,500</b>         | -                |
| Number of Non-Resident Shareholders  | <b>1</b>                | -                |
| Number of Shares held by the Non-Resident Shareholders on which the Dividend was due   | <b>1,10,000</b>         | -                |
| Year to which the Dividend relates   | <b>Year ended</b>       | -                |
|  | <b>31st March, 2008</b> | -                |
| <b>11. Segment Information for the year ended 31st March, 2009</b>   |                         |                  |
| <b>1. Business Segments:</b>   |                         |                  |
| In terms of AS-17- Segment Reporting issued by the Institute of Chartered Accountants of India, the Company has following Business Segments as Primary Segment for disclosure. |                         |                  |
| A. Cultivation, Manufacture and Sale of Tea by Rossell Tea Division  |                         |                  |
| B. Technical and Support Services by Aerotech Services Division.   |                         |                  |
| C. Design and Development of Avionics Equipments by Vankesh Avionics Technologies Division with effect from 1st October, 2008.   |                         |                  |
| <b>2. Revenue:</b>   | <b>2008-2009</b>        | <b>2007-2008</b> |
|  | <b>Rs.</b>              | <b>Rs.</b>       |
| A. Cultivation, Manufacture and Sale of Tea  | <b>55,64,11,352</b>     | 49,72,56,763     |
| B. Technical and Support Services  | <b>3,83,78,398</b>      | 6,42,61,931      |
| C. Design and Development of Avionics Equipments   | <b>16,43,755</b>        | -                |
|  | <b>59,64,33,505</b>     | 56,15,18,694     |
| Less: Inter Segment Revenue  | <b>3,01,233</b>         | 12,75,763        |
| Total Revenue  | <b>59,61,32,272</b>     | 56,02,42,931     |

**ROSSELL TEA LIMITED**

**3. Results**

|  |                            |                     |
|--|----------------------------|---------------------|
| A. Cultivation, Manufacture and Sale of Tea                | <b>13,18,14,379</b>        | 21,58,68,126        |
| B. Technical and Support Services                          | <b>1,42,65,863</b>         | 3,75,28,581         |
| C. Design and Development of Avionics Equipments           | <b><u>(55,12,217)</u></b>  | <u>—</u>            |
|  | <b>14,05,68,025</b>        | 25,33,96,707        |
| Less: i) Un-allocated expenses, net of un-allocated Income | —                          | —                   |
| Profit (Loss) on Sale of Investments                       | <b>(79,67,095)</b>         | 13,67,485           |
| Unrealized loss on exchange                                | <b>(1,09,80,000)</b>       | 38,90,000           |
| ii) Interest Net of subsidy                                | <b>(2,09,53,520)</b>       | (1,11,53,618)       |
| Profit before Taxation                                     | <b><u>10,06,67,410</u></b> | <u>24,75,00,574</u> |

**4. Segment Assets**

|  |                              |                       |
|--|------------------------------|-----------------------|
| A. Cultivation, Manufacture and Sale of Tea      | <b>1,46,65,65,587</b>        | 1,25,57,84,744        |
| B. Technical and Support Services                | <b>5,63,58,617</b>           | 5,77,23,742           |
| C. Design and Development of Avionics Equipments | <b>87,60,558</b>             | —                     |
|  | <b><u>1,53,16,84,762</u></b> | <u>1,31,35,08,406</u> |

**5. Segment Liabilities**

|  |                           |                    |
|--|---------------------------|--------------------|
| A. Cultivation, Manufacture and Sale of Tea      | <b>8,61,75,472</b>        | 9,27,89,672        |
| B. Technical and Support Services                | <b>10,74,340</b>          | 17,07,202          |
| C. Design and Development of Avionics Equipments | <b>5,45,494</b>           | —                  |
|  | <b><u>8,77,95,306</u></b> | <u>9,44,96,874</u> |

**6. Capital Expenditure**

|  |                           |                    |
|--|---------------------------|--------------------|
| A. Cultivation, Manufacture and Sale of Tea      | <b>2,87,49,268</b>        | 1,32,49,969        |
| B. Technical and Support Services                | <b>50,89,395</b>          | 30,36,107          |
| C. Design and Development of Avionics Equipments | <b>4,15,987</b>           | —                  |
|  | <b><u>3,42,54,650</u></b> | <u>1,62,86,076</u> |

**7. Depreciation (Net of Adjustment with Revaluation Reserve)**

|  |                           |                    |
|--|---------------------------|--------------------|
| A. Cultivation, Manufacture and Sale of Tea      | <b>1,27,30,614</b>        | 1,31,06,196        |
| B. Technical and Support Services                | <b>8,97,534</b>           | 5,43,784           |
| C. Design and Development of Avionics Equipments | <b>33,209</b>             | —                  |
|  | <b><u>1,36,61,357</u></b> | <u>1,36,49,980</u> |

- 12.** The following are the Related Party transactions undertaken by the Company during this accounting period in terms of AS-18 - Related Party Disclosures issued by the Institute of Chartered Accountants of India:

## ROSSELL TEA LIMITED

### a) Name of related party and nature of relationship:

|   |   |   |
|---|---|---|
| Enterprises where Control Exists  | - | Sigma Microsystems Private Limited, Subsidiary Company<br>Rossell Aviation Private Limited, Subsidiary Company<br>(Fully Owned), with effect from 4th February, 2008. |
| Key Management Personnel  | - | Mr. H.M. Gupta, Executive Chairman<br>Mr. C.S.Bedi, Managing Director   |
| Holding Company   | - | BMG Enterprises Ltd.  |
| Enterprises over which the Key Management Personnel or their relatives have significant influence | - | BMG Investments Private Limited<br>Harvin Estates Private Limited   |

### b) Particulars of transactions during the year ended 31st March, 2009

| Nature of transaction   | 2008-2009   | 2007-2008   |
|---|-------------|-------------|
| With Enterprises where Control exists   | Rs.         | Rs.         |
| 1. Investment in Equity Share Capital   | 50,000      | —           |
| 2. Advance recoverable  | 56,535      | —           |
| 3. Net decrease in Inter Corporate Deposit                                      | 24,90,000   | —           |
| 4. Net increase in Inter Corporate Deposit                                      | —           | 85,00,000   |
| 5. Interest received / receivable on Interest Corporate Deposit                 | 6,58,582    | 9,66,013    |
| <b>Key Management Personnel and relatives</b>                                   |             |             |
| 1. Dividend Paid  | 9,33,696    | —           |
| 2. Unsecured Loan taken (Net)   | —           | 5,30,60,000 |
| 3. Unsecured Loan repaid (Net)  | 3,07,00,000 | —           |
| 4. Interest paid on Unsecured Loans taken                                       | 39,13,793   | 44,23,180   |
| 5. Rent for Residential Accommodation   | 4,20,000    | 4,20,000    |
| 6. Remuneration Paid  | 53,44,587   | 63,80,053   |
| 7. Purchase of Equity Shares of Rossell Aviation Pvt. Ltd. (Subsidiary Company) | 50,000      | —           |
| 8. Remuneration Paid to relative  | 5,70,239    | 1,35,000    |
| <b>Holding Company</b>  |             |             |
| 1. Dividend Paid  | 58,15,636   | —           |
| 2. Net increase in Inter Corporate Deposit                                      | 1,92,70,307 | —           |
| 3. Net decrease in Inter Corporate Deposit                                      | —           | 1,83,50,000 |
| 4. Interest paid / payable on Inter Corporate Deposit                           | 7,87,397    | 6,52,370    |
| <b>Enterprises where significant influence is Exercisable</b>                   |             |             |
| 1. Dividend Paid  | 1,19,974    | —           |
| 2. Rent Paid for Office Space   | 6,00,000    | 6,00,000    |

**ROSSELL TEA LIMITED**

- |    |  |             |           |
|----|--|-------------|-----------|
| 3. | Net decrease in Inter Corporate Deposit            | 4,64,15,000 | -         |
| 4. | Net increase in Inter Corporate Deposit            | -           | 48,50,000 |
| 5. | Interest paid / payable on Inter Corporate Deposit | 11,11,875   | 37,59,726 |
13. The Company adopted the Accounting Standard AS-22 – Accounting for taxes on Income, in earlier years and recognized Deferred Tax Credit (net) amounting to Rs. 1,34,00,000 as on 31st March, 2008. During the year, a review with respect to the carrying amount of Deferred Tax Asset was done and the carrying amount of Deferred Tax Asset in the Balance Sheet as on 31st March, 2009 was revised to Rs. 21,00,000 comprising of the following:

|  |           |
|--|-----------|
|  | Rs.       |
| <b>Deferred Tax Asset</b>              |           |
| Employees' Benefits                    | 33,00,000 |
| <b>Deferred Tax Liability</b>          |           |
| Depreciation as per Books and Tax Laws | 12,00,000 |
|  | 21,00,000 |

14. A new Division namely Vankesh Avionics Technologies Division was created on and from 1st October, 2008 for taking up the business of manufacturing, design and development of avionics, aviation and electronic equipments. Since these accounts include the working results of this new Division also, the current year's figures are not comparable with those of the previous year:

**15. Defined Benefit Plans**

In compliance with AS-15 (Revised) - Employee Benefits issued by the Institute of Chartered Accountants of India, an Actuarial Valuations were carried out in respect of Defined Benefit Schemes namely Pension, Gratuity and Leave Encashment as on 31st March, 2009. Thus, the amount recognised in the financial statements in respect of these Schemes as per Actuarial Valuation as on 31st March, 2009 are as under:

(Rs.)

|  | Pension - Funded  |                   | Gratuity - Funded |                  | Leave Encashment - Non Funded |                 |
|--|-------------------|-------------------|-------------------|------------------|-------------------------------|-----------------|
|  | 2008-2009         | 2007-2008         | 2008-2009         | 2007-2008        | 2008-2009                     | 2007-2008       |
| <b>I Components of Employer Expense</b>  |                   |                   |                   |                  |                               |                 |
| 1 Current Service Cost   | 22,35,832         | 22,59,518         | 45,06,826         | 39,29,297        | 2,20,000                      | 4,23,000        |
| 2 Interest Cost  | 6,01,719          | 7,35,235          | 92,34,382         | 85,98,940        | 1,33,000                      | 1,03,000        |
| 3 Expected Return on Plan Assets   | (2,00,112)        | (1,94,210)        | (31,32,398)       | (36,38,206)      | -                             | -               |
| 4 Curtailment Cost/(Credit)  | -                 | -                 | -                 | -                | -                             | -               |
| 5 Settlement Cost/(Credit)   | -                 | -                 | -                 | -                | -                             | -               |
| 6 Past Service Cost  | 78,276            | -                 | 6,84,125          | -                | -                             | -               |
| 7 Actuarial Losses/(Gains)   | (28,50,687)       | (32,92,215)       | (53,03,838)       | (22,18,614)      | (1,90,000)                    | 2,93,000        |
| <b>8 Total expense recognised in the Statement of Profit &amp; Loss Account</b>  | <b>(1,34,972)</b> | <b>(4,91,672)</b> | <b>59,89,097</b>  | <b>66,71,417</b> | <b>1,63,000</b>               | <b>8,19,000</b> |
| The Pension and Gratuity Expenses have been recognised in "Contribution to Provident and Other Funds" and Leave Encashment in "Salaries, Wages and Bonus" under Schedule 16. |                   |                   |                   |                  |                               |                 |



**ROSSELL TEA LIMITED**

(Rs.)

|  | Pension - Funded   |             | Gratuity - Funded  |               | Leave Encashment - Non Funded |                |
|--|--------------------|-------------|--------------------|---------------|-------------------------------|----------------|
|  | 2008-2009          | 2007-2008   | 2008-2009          | 2007-2008     | 2008-2009                     | 2007-2008      |
| <b>II Net Asset/(Liability) recognised in Balance Sheet</b>                                    |                    |             |                    |               |                               |                |
| 1 Present Value of Defined Benefit Obligation  | <b>82,37,587</b>   | 80,22,920   | <b>5,88,21,646</b> | 5,45,16,355   | <b>18,02,000</b>              | 17,38,000      |
| 2 Fair Value on Plan Assets  | <b>50,96,067</b>   | 27,46,428   | <b>5,22,98,213</b> | 4,25,36,727   | -                             | -              |
| 3 Status [Surplus/(Deficit)]   | <b>(31,41,520)</b> | (52,76,492) | <b>(65,23,433)</b> | (1,19,79,628) | <b>(18,02,000)</b>            | (17,38,000)    |
| 4 Unrecognised Past Service Cost   | -                  | -           | <b>6,84,125</b>    | -             | -                             | -              |
| 5 <b>Net Asset/(Liability) recognized in Balance Sheet (Pending Funding with the Trustees)</b> | <b>(31,41,520)</b> | (52,76,492) | <b>(72,07,558)</b> | (1,19,79,628) | <b>(18,02,000)</b>            | (17,38,000)    |
| <b>III Change in Defined Benefit Obligations (DBO)</b>   |                    |             |                    |               |                               |                |
| 1 Present Value of DBO at the Beginning of the Year  | <b>80,22,920</b>   | 90,53,000   | <b>5,45,16,355</b> | 5,16,21,713   | <b>17,38,000</b>              | 10,00,000      |
| 2 Current Service Cost   | <b>22,35,832</b>   | 22,59,518   | <b>45,06,826</b>   | 39,29,297     | <b>2,20,000</b>               | 4,23,000       |
| 3 Interest Cost  | <b>6,01,719</b>    | 7,35,235    | <b>92,34,382</b>   | 85,98,940     | <b>1,33,000</b>               | 1,03,000       |
| 4 Curtailment Cost/(Credit)  | -                  | -           | -                  | -             | -                             | -              |
| 5 Settlement Cost/(Credit)   | -                  | -           | -                  | -             | -                             | -              |
| 6 Plan Amendments  | -                  | -           | -                  | -             | -                             | -              |
| 7 Acquisitions   | -                  | -           | -                  | -             | -                             | -              |
| 8 Actuarial (Gains)/Losses   | <b>(26,22,884)</b> | (32,18,493) | <b>(41,56,939)</b> | (22,18,614)   | <b>(1,90,000)</b>             | 2,93,000       |
| 9 Benefits Paid  | -                  | (8,06,340)  | <b>(52,78,978)</b> | (74,14,981)   | <b>(99,000)</b>               | (81,000)       |
| 10 <b>Present Value of DBO at the End of the Year</b>  | <b>82,37,587</b>   | 80,22,920   | <b>5,88,21,646</b> | 5,45,16,355   | <b>18,02,000</b>              | 17,38,000      |
| <b>IV Change in Fair Value of Assets</b>   |                    |             |                    |               |                               |                |
| 1 Plan Assets at the Beginning of the Year   | <b>26,68,152</b>   | 22,84,835   | <b>4,25,36,727</b> | 3,96,42,085   | -                             | -              |
| 2 Acquisition Adjustment   | -                  | -           | -                  | -             | -                             | -              |
| 3 Actual Return on Plan Assets   | <b>2,00,112</b>    | 1,94,210    | <b>31,32,398</b>   | 36,38,206     | -                             | -              |
| 4 Actuarial Gains/(Losses)   | <b>2,27,803</b>    | (5,413)     | <b>11,46,899</b>   | -             | -                             | -              |
| 5 Actual Company Contribution  | <b>20,00,000</b>   | 10,00,000   | <b>1,07,61,167</b> | 66,71,417     | -                             | -              |
| 6 Benefits Paid  | -                  | (8,05,480)  | <b>(52,78,978)</b> | (74,14,981)   | <b>99,000</b>                 | 81,000         |
| 7 <b>Plan Assets at the End of the Year</b>  | <b>50,96,067</b>   | 26,68,152   | <b>5,22,98,213</b> | 4,25,36,727   | -                             | -              |
| <b>V Principal Actuarial Assumptions used ( common for all valuations)</b>                     |                    |             |                    |               |                               |                |
| 1 Discount Rate (%)  |                    |             |                    |               | <b>7.50</b>                   | 8.50           |
| 2 Expected Return on Plan Assets (%)   |                    |             |                    |               | <b>7.50</b>                   | 8.50           |
| 3 Expected Salary increase rates   |                    |             |                    |               | <b>5.00</b>                   | 5.00           |
| 4 Mortality rates  |                    |             |                    |               | LICI (1994-96)                | LICI (1994-96) |
| <b>VI Major Category of Plan Assets as a % of the Total Plan Assets</b>                        |                    |             |                    |               |                               |                |
| 1 Government Securities/Special Deposit with RBI   | <b>30.87</b>       | 31.73       | <b>54.97</b>       | 59.71         |                               |                |
| 2 PSU Bonds  | <b>30.49</b>       | 27.54       | <b>32.56</b>       | 35.14         |                               |                |
| 3 Insurance Companies  | <b>31.68</b>       | 36.41       | <b>4.83</b>        | -             |                               |                |
| 4 Cash and Cash Equivalents  | <b>6.96</b>        | 4.32        | <b>7.64</b>        | 5.15          |                               |                |

**VII Basis used to determine the Expected Rate of Return on Plan Assets**

The expected rate of return on plan assets is based on the actuarial expectation of the average long term rate of return expected on investment of the fund with the Trustees, assuming that these are generally

## ROSSELL TEA LIMITED

held to maturity, along with the estimated incremental investments to be made during the year.

### 16. Earnings per Equity Share

Earnings per Equity Share as per Accounting Standard AS-20, Earnings per Share issued by the Institute of Chartered Accountants of India, has been computed as under:

|  | 2008-2009   | 2007-2008    |
|--|-------------|--------------|
|  | Rs.         | Rs.          |
| (a) Profit after Taxation                                | 6,96,17,410 | 20,98,00,574 |
| (b) Weighted average number of Equity Shares outstanding | 66,42,857   | 63,14,295    |
| (c) Earnings per Share                                   | 10.48       | 33.23        |

### 17. Micro and Medium Scale business entities :

On the basis of information available with the Company, there are no Micro, Small and Medium Enterprises, within the meaning of Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2009.

18. Previous year's figures have been rearranged wherever necessary.

C.S.Bedi  
*Managing Director*

H.M.Parekh  
*Director*

H. M. Gupta  
*Executive Chairman*

R.N.Deogun  
*Director*

P.L.Agarwal  
*Director*

N.K.Khurana  
*Vice-President (Finance)*  
*Cum Company Secretary*

Place : Kolkata  
Date : 11th June, 2009

## ROSSELL TEA LIMITED

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### I. Registration Details

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No.   | 63513      | State Code | 21 |
| Balance Sheet Date | 31.03.2009 |            |    |

#### II. Capital raised during the year (Amount in Rs.'000)

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | Nil | Rights Issue      | Nil |
| Bonus Issue  | Nil | Private Placement | Nil |

#### III. Position of Mobilization and Deployment of Funds (Amount in Rs. '000)

| Total Liabilities                  |                  | Total Assets                |                  |
|------------------------------------|------------------|-----------------------------|------------------|
| <b>Source of Funds</b>             | <b>14,70,883</b> | <b>Application of Funds</b> | <b>14,70,883</b> |
| Paid-up Capital                    | 73,392           | Net Fixed Assets            | 10,86,020        |
| Reserves and Surplus               | 10,94,598        | Investments                 | 2,27,351         |
| Secured Loans                      | 1,65,165         | Deferred Tax Asset          | 2,100            |
| Unsecured Loans                    | 49,932           | Net Current Assets,         |                  |
| Current Liabilities and Provisions | 87,796           | Loans and Advances          | 1,55,412         |

#### IV. Performance of the Company (Amount in Rs. '000)

|                             |          |
|-----------------------------|----------|
| Turnover                    | 5,75,178 |
| Other Income                | 20,954   |
| Total Expenditure           | 4,95,465 |
| Profit Before Tax           | 1,00,667 |
| Profit After Tax            | 69,617   |
| Earnings per Share (in Rs.) | 10.48    |
| Dividend Rate (%)           | 15.00    |

#### V. Generic names of three principal products/services of the Company (as per monetary terms)

##### Product Description Item Code No. (ITC Code)

|   |       |
|---|-------|
| Black Tea                                   | 09.02 |
| Aerotech Services                           |       |
| Design & Development of Avionics Equipments |       |

C.S.Bedi  
Managing Director  
H.M.Parekh  
Director

H. M. Gupta  
Executive Chairman  
R.N.Deogun  
Director

P.L.Agarwal  
Director

N.K.Khurana  
Vice-President (Finance)  
Cum Company Secretary

Place : Kolkata  
Date : 11th June, 2009

**ROSSELL TEA LIMITED**

**Cash Flow Statement for the year ended 31st March,2009**

|   | 2008-2009     |                       | 2007-2008      |                     |
|---|---------------|-----------------------|----------------|---------------------|
|   | Rs.           | Rs.                   | Rs.            | Rs.                 |
| <b>A. Cash Flow from Operating Activities</b>   |               |                       |                |                     |
| Profit before Tax and Extraordinary items       |               | 10,06,67,410          |                | 24,75,00,574        |
| Adjustment for :                                |               |                       |                |                     |
| Depreciation                                    | 1,36,61,357   |                       | 1,36,49,980    |                     |
| Interest (Net)                                  | 2,09,53,520   |                       | 1,11,53,618    |                     |
| Loss on Disposal of Fixed Assets (Net)          | 11,72,846     |                       | 86,281         |                     |
| Profit on sale of Property                      | -             |                       | (11,98,00,898) |                     |
| Unrealised Loss (Gain) on Exchange              | 1,09,80,000   |                       | (38,90,000)    |                     |
| Liabilities written back                        | (16,25,467)   |                       | -              |                     |
| Loss (Profit) on sale of Investments            | 79,67,095     |                       | (13,67,485)    |                     |
|   |               | 5,31,09,351           |                | (10,01,68,504)      |
|   |               | 15,37,76,761          |                | 14,73,32,070        |
| Items Considered in Investing Activity :        |               |                       |                |                     |
| Interest on Deposits etc.                       | (31,86,092)   |                       | (25,79,048)    |                     |
| Dividend  | (2,54,101)    |                       | (3,07,077)     |                     |
|   |               | (34,40,193)           |                | (28,86,125)         |
| Operating Profit before Working Capital Changes |               | 15,03,36,568          |                | 14,44,45,945        |
| Adjustment for :                                |               |                       |                |                     |
| Current Assets                                  | (4,06,65,133) |                       | (2,61,24,092)  |                     |
| Current Liabilities                             | (83,83,706)   |                       | 1,64,50,694    |                     |
|   |               | (4,90,48,839)         |                | (96,73,398)         |
| Cash Generated from Operations                  |               | 10,12,87,729          |                | 13,47,72,547        |
| Interest Paid                                   | (2,09,53,520) |                       | (1,11,53,618)  |                     |
| Direct Taxes (Net of refund)                    | (2,00,88,047) |                       | (1,83,79,624)  |                     |
|   |               | (4,10,41,567)         |                | (2,95,33,242)       |
| Cash Flow before Extraordinary Items            |               | 6,02,46,162           |                | 10,52,39,305        |
| Extraordinary Items                             |               | -                     |                | -                   |
| <b>Net Cash Flow from Operating Activities</b>  |               | <b>6,02,46,162</b>    |                | <b>10,52,39,305</b> |
| <b>B. Cash Flow from Investing Activities</b>   |               |                       |                |                     |
| Purchase of Fixed Assets including              |               |                       |                |                     |
| Advances for Capital Assets                     |               | (3,47,64,040)         |                | (4,31,44,889)       |
| Sale of Fixed Assets (Net of earnest Money)     |               | 4,74,162              |                | 9,25,62,584         |
| Sale of Investments                             |               | 4,86,76,739           |                | 4,19,52,412         |
| Purchase of Investments                         |               | (20,55,24,711)        |                | (9,59,73,795)       |
| Compensation received from acquisition of Land  |               | -                     |                | 8,62,627            |
| Interest Received                               |               | 31,86,092             |                | 25,79,048           |
| Dividend Received                               |               | 2,54,101              |                | 3,07,077            |
| <b>Net Cash Flow from Investing Activities</b>  |               | <b>(18,76,97,657)</b> |                | <b>(8,54,936)</b>   |

## ROSSELL TEA LIMITED

|  | 2008-2009           |     | 2007-2008             |     |
|--|---------------------|-----|-----------------------|-----|
|  | Rs.                 | Rs. | Rs.                   | Rs. |
| <b>C. Cash Flow from Financing Activities</b>                                    |                     |     |                       |     |
| Proceeds of Equity Share Capital,<br>including Securities Premium                | 10,25,00,000        |     |                       | –   |
| Intercompany deposits(ICD) (repaid) /taken<br>including interest accrued thereon | (5,78,67,241)       |     | 3,26,76,713           |     |
| Repayment of External Commercial Borrowings                                      | –                   |     | (4,33,20,000)         |     |
| Proceeds of Short Term Loans from Banks(Net)                                     | 8,26,97,796         |     | –                     |     |
| Proceeds of Short Term Borrowings from Bank (Net)                                | 1,35,11,726         |     | (10,22,62,411)        |     |
| Dividend Paid and Tax thereon  | (92,34,262)         |     | –                     |     |
| <b>Net Cash Flow from Financing Activities</b>                                   | <b>13,16,08,019</b> |     | <b>(11,29,05,698)</b> |     |
| <b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>                         | <b>41,56,524</b>    |     | <b>(85,21,329)</b>    |     |
| <b>Cash and Cash Equivalents as at 31.03.2008 (Opening Balance)</b>              | <b>37,91,685</b>    |     | <b>1,23,13,014</b>    |     |
| <b>Cash and Cash Equivalents as at 31.03.2009 (Closing Balance)</b>              | <b>79,48,209</b>    |     | <b>37,91,685</b>      |     |

Note : The above Statement has been prepared under the Indirect Method as given in Accounting Standard on Cash Flow Statement (AS - 3) issued by the Institute of Chartered Accountants of India.

In terms of our Report of even date

For S. S. Kothari & Co.,  
Chartered Accountants,

R.K. Roy Chaudhury  
Partner

H.M. Gupta  
Executive Chairman

H.M. Parekh  
Director

R.N. Deogun  
Director

Place : Kolkata  
Date : 11th June, 2009

C.S. Bedi  
Managing Director

P. L. Agarwal  
Director

N.K. Khurana  
Vice President (Finance)  
-cum-Company Secretary

**Statement Regarding Subsidiary Companies**

**Pursuant to Section 212 of the Companies Act, 1956**

**i) Sigma Microsystems Private Limited**

- (A) The Financial Year of the Subsidiary Company ended on : 31st March, 2009
- (B) Holding Company's Interest
- (a) Number and face value : 5,62,500 Equity Shares of Rs.10 each fully paid
- (b) Extent of holding : 56.25%
- (C) Net aggregate amount of Subsidiary's Profit (Loss), so far as it concerns Members of the Holding Company and not dealt with in the Holding Company's Accounts:
- i) for the Subsidiary's financial year ended 31<sup>st</sup> March, 2009 : (Rs. 57,64,810)
- ii) for its previous financial year : Rs. 68,90,698
- (D) Net aggregate amount of Subsidiary's Profit (Loss), so far as it concerns Members of the Holding Company and dealt with in the Holding Company's Accounts:
- i) for the Subsidiary's financial year ended 31<sup>st</sup> March, 2009 : Nil
- ii) for its previous financial year : Nil

**ii) Rossell Aviation Private Limited**

- (A) The Financial Year of the Subsidiary Company ended on : 31<sup>st</sup> March, 2009
- (B) Holding Company's Interest
- a) Number and face value : 10,000 Equity Shares of Rs.10 each fully paid.
- (b) Extent of holding : 100%
- (C) Net aggregate amount of Subsidiary's Profit (Loss), so far as it concerns Members of the Holding Company and not dealt with in the Holding Company's Accounts:
- i) for the Subsidiary's financial year ended 31<sup>st</sup> March, 2009 : (Rs. 5,715)
- ii) for its previous financial year : Not Applicable
- (D) Net aggregate amount of Subsidiary's Profit (Loss), so far as it concerns Members of the Holding Company and dealt with in the Holding Company's Accounts:
- ii) for the Subsidiary's financial year ended 31<sup>st</sup> March, 2009 : Nil
- ii) for its previous financial year : Not Applicable

H.M. Gupta  
*Executive Chairman*

H.M. Parekh  
*Director*

R.N. Deogun  
*Director*

C.S. Bedi  
*Managing Director*

P. L. Agarwal  
*Director*

N.K. Khurana  
*Vice President (Finance)*  
*-cum-Company Secretary*

Place : Kolkata  
Date : 11th June, 2009

## **ROSSELL TEA LIMITED**

### **Report of the Auditors to the Board of Directors of Rossell Tea Limited.**

We have audited the attached Consolidated Balance Sheet of Rossell Tea Limited and its subsidiaries, Sigma Microsystems Private Limited and Rossell Aviation Private Limited as at 31st March 2009, Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Consolidated Financial Statements are the responsibility of Rossell Tea Limited's management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

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 prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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.

We have not audited the financial statements of subsidiaries, Sigma Microsystems Private Limited and Rossell Aviation Private Limited whose financial statements reflect total assets of Rs.495.22 lacs as at 31st March 2009 and total revenues of Rs.195.05 lacs for the year ended on that date as considered in the Consolidated Financial Statements. These Financial Statements have been audited by other auditors, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries, is based solely on the report of the other auditors.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Rossell Tea Limited and its subsidiaries, included in the Consolidated Financial Statements.

On the basis of the information and explanations given to us and on consideration of the separate audit report on individual audited financial statements of Rossell Tea Limited and its aforesaid subsidiaries, in our opinion, the 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 consolidated state of affairs of Rossell Tea Limited and its subsidiaries as at 31st March, 2009,
- (b) in the case of the Consolidated Profit and Loss Account, of the consolidated results (profit) of operations of Rossell Tea Limited and its subsidiaries for the year ended on that date.
- (c) in the case of the Consolidated Cash Flow Statement of the cash flows for the year ended on that date.

For S.S.Kothari & Co.  
*Chartered Accountants*

R.K.Roy Chaudhury  
*Partner*  
Membership No.8816

Place : Kolkata  
Date : 11th June, 2009

**ROSSELL TEA LIMITED**

**Consolidated Balance Sheet as at 31st March, 2009**

|   | Schedule | As on 31.03.2009           |                              | As on 31.03.2008           |                              |
|---|----------|----------------------------|------------------------------|----------------------------|------------------------------|
|   |          | Rs.                        | Rs.                          | Rs.                        | Rs.                          |
| <b>SOURCES OF FUNDS</b>                         |          |                            |                              |                            |                              |
| <b>Shareholders' Funds</b>                      |          |                            |                              |                            |                              |
| Capital   | 1        |                            | <b>7,33,92,950</b>           |                            | 6,31,42,950                  |
| Reserves and Surplus                            | 2        |                            | <b>1,09,55,73,629</b>        |                            | 95,59,35,427                 |
|   |          |                            | <b><u>1,16,89,66,579</u></b> |                            | <b><u>1,01,90,78,377</u></b> |
| <b>Loan Funds</b>                               |          |                            |                              |                            |                              |
| Secured Loans                                   | 3        |                            | <b>17,19,75,225</b>          |                            | 5,88,23,946                  |
| Unsecured Loans                                 | 4        |                            | <b>6,03,01,378</b>           |                            | 11,60,69,222                 |
|   |          |                            | <b><u>23,22,76,603</u></b>   |                            | <b><u>17,48,93,168</u></b>   |
| <b>Minority Interest</b>                        |          |                            |                              |                            |                              |
|   |          |                            | <b>51,38,386</b>             |                            | 97,34,431                    |
| <b>T O T A L</b>                                |          |                            |                              |                            |                              |
|   |          |                            | <b><u>1,40,63,81,568</u></b> |                            | <b><u>1,20,37,05,976</u></b> |
| <b>APPLICATION OF FUNDS</b>                     |          |                            |                              |                            |                              |
| <b>Fixed Assets</b>                             |          |                            |                              |                            |                              |
| Gross Block                                     | 5        |                            | <b>1,19,77,40,727</b>        |                            | 1,16,77,96,140               |
| Less: Depreciation                              |          |                            | <b>11,22,00,521</b>          |                            | 9,75,58,312                  |
| Net Block                                       |          |                            | <b>1,08,55,40,206</b>        |                            | 1,07,02,37,828               |
| Capital Work-in-Progress                        |          |                            | <b>50,43,987</b>             |                            | 50,43,047                    |
|   |          |                            | <b><u>1,09,05,84,193</u></b> |                            | <b><u>1,07,52,80,875</u></b> |
| <b>Goodwill</b>                                 |          |                            |                              |                            |                              |
|   |          |                            | <b>1,69,31,501</b>           |                            | 1,69,31,251                  |
| <b>Deferred Tax Asset</b>                       |          |                            |                              |                            |                              |
|   |          |                            | <b>16,85,885</b>             |                            | 1,31,49,459                  |
| <b>Investments</b>                              |          |                            |                              |                            |                              |
|   | 6        |                            | <b>20,46,95,100</b>          |                            | 5,59,14,472                  |
| <b>Current Assets, Loans and Advances</b>       |          |                            |                              |                            |                              |
| Inventories                                     | 7        | <b>3,53,75,601</b>         |                              | 3,00,68,436                |                              |
| Sundry Debtors                                  | 8        | <b>2,31,24,245</b>         |                              | 4,15,49,224                |                              |
| Cash & Bank Balances                            | 9        | <b>1,09,97,957</b>         |                              | 47,11,799                  |                              |
| Other Current Assets                            | 10       | <b>1,65,16,009</b>         |                              | 1,58,31,809                |                              |
| Loans & Advances                                | 11       | <b>9,94,26,524</b>         |                              | 4,95,91,303                |                              |
|   |          | <b><u>18,54,40,336</u></b> |                              | <b><u>14,17,52,571</u></b> |                              |
| <b>Less: Current Liabilities and Provisions</b> |          |                            |                              |                            |                              |
| Current Liabilities                             | 12       | <b>7,46,86,402</b>         |                              | 8,42,29,825                |                              |
| Provisions                                      | 13       | <b>1,83,26,751</b>         |                              | 1,50,92,827                |                              |
|   |          | <b><u>9,30,13,153</u></b>  |                              | <b><u>9,93,22,652</u></b>  |                              |
| <b>Net Current Assets</b>                       |          |                            |                              |                            |                              |
|   |          |                            | <b>9,24,27,183</b>           |                            | 4,24,29,919                  |
| <b>Miscellaneous Expenditure</b>                |          |                            |                              |                            |                              |
| Preliminary Expenses                            |          |                            | <b>57,706</b>                |                            | —                            |
| <b>T O T A L</b>                                |          |                            |                              |                            |                              |
|   |          |                            | <b><u>1,40,63,81,568</u></b> |                            | <b><u>1,20,37,05,976</u></b> |

**Notes on Consolidated Accounts** 18

Schedules 1 to 13 and Schedule 18 referred to above form an integral part of the Balance Sheet

In terms of our Report of even date

For S.S.Kothari & Co.  
Chartered Accountants

R.K.Roy Chaudhury  
Partner

Place: Kolkata  
Date: 11th June, 2009

C.S.Bedi  
Managing Director  
H.M.Parekh  
Director

H. M. Gupta  
Executive Chairman  
R.N.Deogun  
Director

P.L.Agarwal  
Director  
N.K.Khurana  
Vice-President (Finance)  
Cum Company Secretary



## ROSSELL TEA LIMITED

### Consolidated Profit and Loss Account for the year ended 31st March, 2009

|  | Schedule | 2008-2009<br>Rs.    | 2007-2008<br>Rs.    |
|--|----------|---------------------|---------------------|
| <b>INCOME</b>                                      |          |                     |                     |
| Sales  |          | 55,84,37,302        | 51,17,47,512        |
| Less: Excise Duty                                  |          | 12,41,427           | 50,60,816           |
|  |          | <u>55,71,95,875</u> | <u>50,66,86,696</u> |
| Receipts for Technical and Support Services        |          | 3,71,82,199         | 6,20,66,609         |
| Other Income                                       | 14       | 2,06,00,641         | 2,24,39,263         |
|  |          | <u>61,49,78,715</u> | <u>59,11,92,568</u> |
| <b>EXPENDITURE</b>                                 |          |                     |                     |
| (Increase) Decrease in Stock                       | 15       | (57,97,826)         | 31,00,096           |
| Expenses   | 16       | 47,52,98,887        | 43,63,77,783        |
| Interest   | 17       | 2,19,88,155         | 1,15,61,869         |
| Depreciation                                       |          | 1,41,29,260         | 1,45,34,116         |
|  |          | <u>50,56,18,476</u> | <u>46,55,73,864</u> |
| <b>PROFIT BEFORE EXCEPTIONAL ITEMS</b>             |          |                     |                     |
| Profit (Loss) on Sale of Investment                |          | (79,67,095)         | 13,67,485           |
| Unrealised Gain (Loss) on Exchange                 |          | (1,09,80,000)       | 38,90,000           |
| Profit on Sale of Property                         |          | —                   | 11,98,00,898        |
| <b>PROFIT BEFORE TAXATION</b>                      |          |                     |                     |
|  |          | 9,04,13,144         | 25,06,77,087        |
| Fringe Benefit Tax                                 |          | 13,43,120           | 9,88,650            |
| Provision for Current Taxation                     |          | 1,85,00,000         | 2,16,00,280         |
| Deferred Taxation Adjustment                       |          | 1,14,63,574         | 1,63,27,584         |
| <b>PROFIT AFTER TAXATION</b>                       |          |                     |                     |
|  |          | 5,91,06,450         | 21,17,60,573        |
| Balance brought forward                            |          | 4,25,67,365         | (5,07,09,515)       |
| Transfer from Exchange Rate Variation Reserve      |          | 90,61,000           | —                   |
| Transfer from /(to) Minority Interest              |          | 45,96,045           | (53,59,431)         |
| <b>PROFIT AVAILABLE FOR APPROPRIATION</b>          |          |                     |                     |
|  |          | <u>11,53,30,860</u> | <u>15,56,91,627</u> |
| <b>APPROPRIATION</b>                               |          |                     |                     |
| Transfer to Exchange Rate Variation Reserve        |          | —                   | 38,90,000           |
| Transfer to General Reserve                        |          | 8,00,00,000         | 10,00,00,000        |
| Dividend on Equity Shares                          |          | 1,10,08,943         | 78,92,869           |
| Tax on Dividend                                    |          | 18,70,970           | 13,41,393           |
| Balance carried forward                            |          | 2,24,50,947         | 4,25,67,365         |
|  |          | <u>11,53,30,860</u> | <u>15,56,91,627</u> |
| <b>Basic and Diluted Earnings per Equity Share</b> |          | <b>9.59</b>         | <b>33.40</b>        |
| <b>Notes on Consolidated Accounts</b>              |          | 18                  |                     |

Schedules 14 to 18 referred to above form an integral part of the Profit and Loss Account

In terms of our Report of even date

For S.S.Kothari & Co.

Chartered Accountants

R.K.Roy Chaudhury  
Partner

Place: Kolkata

Date: 11th June, 2009

C.S.Bedi

Managing Director

H.M.Parekh  
Director

H. M. Gupta

Executive Chairman

R.N.Deogun  
Director

P.L.Agarwal

Director

N.K.Khurana  
Vice-President (Finance)  
Cum Company Secretary

**ROSSELL TEA LIMITED**

**Schedules to the Consolidated Balance Sheet as at 31.03.2009**

| <b>SCHEDULE 1</b>   | <b>As on 31.03.2009</b> | <b>As on 31.03.2008</b> |
|---|-------------------------|-------------------------|
| <b>CAPITAL</b>  | <b>Rs.</b>              | <b>Rs.</b>              |
| <b>Authorised</b>   |                         |                         |
| 90,00,000 (2008 - 90,00,000) Equity Shares of Rs.10 each                | <u>9,00,00,000</u>      | <u>9,00,00,000</u>      |
|   | <u>9,00,00,000</u>      | <u>9,00,00,000</u>      |
| <b>Issued &amp; Subscribed</b>  |                         |                         |
| 73,39,295 (2008 - 63,14,295) Equity Shares of Rs. 10 each fully paid up | <u>7,33,92,950</u>      | <u>6,31,42,950</u>      |
|   | <u>7,33,92,950</u>      | <u>6,31,42,950</u>      |

**Notes :**

1. Of the above 30,35,717 Equity Shares have been issued for consideration other than cash and 17,77,778 Equity Shares have been issued during the year by way of conversion of 4,00,000 9% Redeemable Preference Shares of Rs. 100 each.
2. During the year 10,25,000 Equity Shares were issued in Cash on Preferential Allotment basis to certain Foreign Institutional Investors.
3. Of the above 46,52,509 (2008- 46,52,509) Equity Shares are held by BMG Enterprises Ltd., the Holding Company.

**SCHEDULE 2**

**RESERVES AND SURPLUS**

**Securities Premium Account**

|                               |                     |                     |
|-------------------------------|---------------------|---------------------|
| Balance as per last Account   | 16,87,04,823        | 16,87,04,823        |
| Add: Received during the year | <u>9,22,50,000</u>  | <u>-</u>            |
|                               | <u>26,09,54,823</u> | <u>16,87,04,823</u> |

**Capital Reserve**

|  |                    |                    |
|--|--------------------|--------------------|
| Balance as per last Account                        | 2,25,45,443        | 2,16,82,816        |
| Add: Compensation received for acquisition of Land | <u>-</u>           | <u>8,62,627</u>    |
|  | <u>2,25,45,443</u> | <u>2,25,45,443</u> |

**Revaluation Reserve**

|                             |                     |                     |
|-----------------------------|---------------------|---------------------|
| Balance as per last account | 53,65,54,617        | -                   |
| Added on Revaluation        | <u>-</u>            | <u>53,65,54,617</u> |
|                             | <u>53,65,54,617</u> | <u>53,65,54,617</u> |

Less: Withdrawal on account of depreciation on incremental amounts upon revaluation

|                     |                     |
|---------------------|---------------------|
| <u>34,34,380</u>    | <u>-</u>            |
| <u>53,31,20,237</u> | <u>53,65,54,617</u> |

**General Reserve**

|   |                     |                    |
|---|---------------------|--------------------|
| Balance as per last Account             | 17,65,02,179        | 9,52,49,972        |
| Adjustment with Profit and Loss Account | <u>-</u>            | <u>-</u>           |
|   | <u>17,65,02,179</u> | <u>9,52,49,972</u> |

Less: Other Adjustments

|                     |                    |
|---------------------|--------------------|
| <u>-</u>            | <u>1,87,47,793</u> |
| <u>17,65,02,179</u> | <u>7,65,02,179</u> |

Add: Transfer from Profit and Loss Account

|                     |                     |
|---------------------|---------------------|
| <u>8,00,00,000</u>  | <u>10,00,00,000</u> |
| <u>25,65,02,179</u> | <u>17,65,02,179</u> |

**Exchange Rate Variation Reserve**

|  |                  |                  |
|--|------------------|------------------|
| Balance as per last Account                | 90,61,000        | 51,71,000        |
| Add: Transfer from Profit and Loss Account | <u>-</u>         | <u>38,90,000</u> |
| Less: Transfer to Profit and Loss Account  | <u>90,61,000</u> | <u>-</u>         |

**Surplus in Profit and Loss Account**

|                       |                     |
|-----------------------|---------------------|
| <u>-</u>              | <u>90,61,000</u>    |
| <u>2,24,50,947</u>    | <u>4,25,67,365</u>  |
| <u>1,09,55,73,629</u> | <u>95,59,35,427</u> |

## ROSSELL TEA LIMITED

| SCHEDULE 3  | As on 31.03.2009           | As on 31.03.2008           |
|---|----------------------------|----------------------------|
| SECURED LOANS   | Rs.                        | Rs.                        |
| <b>From Banks</b>   |                            |                            |
| <b>Foreign Currency Term Loan</b>   |                            |                            |
| External Commercial Borrowing from<br>The Bank of Beirut (U.K.) Ltd.<br>[ Secured by equitable mortgage of Dikom T.E.<br>pari passu with State Bank of India and equitable<br>mortgage of Bokakhat T.E.pari passu with IndusInd<br>Bank Ltd.] | <b>5,09,50,000</b>         | 3,99,70,000                |
| <b>Rupee Term Loan</b>  |                            |                            |
| Term Loan from HDFC Bank Ltd.<br>[ Secured by hypothecation of tea crop and<br>movable assets of Nokhroy, Nagrijuli and Romai T.Es.and<br>collaterally secured by equitable mortgage<br>of Nokhroy T.E. ]                                     | <b>5,00,00,000</b>         | –                          |
| Term Loan from Development Credit Bank Ltd.<br>[ Secured by Subservient Charge on the Current Assets<br>of the Company ]  | <b>3,00,00,000</b>         | –                          |
| Car Loan from HDFC Bank Ltd<br>[ Secured by hypothecation of Motor Car financed by them]  | <b>26,97,796</b>           | –                          |
| <b>Cash Credit Accounts</b>   |                            |                            |
| HDFC Bank Ltd.<br>[ Secured by hypothecation of tea crop and<br>movable assets of Nokhroy, Nagrijuli and Romai T.Es.and<br>collaterally secured by equitable mortgage<br>of Nokhroy T.E. ]  | <b>1,32,20,329</b>         | 31,98,642                  |
| State Bank Of India<br>[ Secured by hypothecation of tea crop<br>and movable assets of Dikom T.E.<br>and collaterally secured by equitable mortgage of<br>Dikom T.E. pari passu with The Bank of Beirut (U.K.) Ltd.]                          | <b>1,02,82,957</b>         | 47,10,216                  |
| IndusInd Bank Limited<br>[ Secured by hypothecation of tea crop<br>and movable assets of Bokakhat T.E.and collaterally<br>secured by equitable mortgage of Bokakhat T.E.<br>pari passu with The Bank of Beirut (U.K.) Ltd. ]                  | <b>1,48,24,143</b>         | 1,09,45,088                |
|   | <b><u>17,19,75,225</u></b> | <b><u>5,88,23,946</u></b>  |
| <b>SCHEDULE 4</b>   |                            |                            |
| <b>UNSECURED LOANS</b>  |                            |                            |
| Intercorporate Deposits   | <b>2,59,35,307</b>         | 5,30,80,000                |
| Loan from Managing Director (Executive Chairman)  | <b>2,29,50,000</b>         | 5,36,50,000                |
| Loan from Direcors of Subsidiary  | <b>1,03,69,397</b>         | 82,70,000                  |
| Interest accrued and due thereon  | <b>10,46,674</b>           | 10,69,222                  |
|   | <b><u>603,01,378</u></b>   | <b><u>11,60,69,222</u></b> |

**ROSSELL TEA LIMITED**

**SCHEDULE -5**

**FIXED ASSETS**

| Particulars              | GROSS BLOCK                  |                           |                          | DEPRECIATION            |                              |                | NET BLOCK             |  |                |                |
|--------------------------|------------------------------|---------------------------|--------------------------|-------------------------|------------------------------|----------------|-----------------------|--|----------------|----------------|
|                          | Cost/Revalued as at 31.03.08 | Additions During the Year | Disposal During the Year | Increase on Revaluation | Cost/Revalued as at 31.03.09 | As at 31.03.08 | Addition for the Year | Written back / Adjustments during the Year | As at 31.03.09 | As at 31.03.08 |
|                          | Rs.                          | Rs.                       | Rs.                      | Rs.                     | Rs.                          | Rs.            | Rs.                   | Rs.  | Rs.            | Rs.            |
| Land & Planted Teas      | 65,63,07,677                 | 90,84,832                 | -                        | -                       | 66,53,92,509                 | -              | -                     | -  | 66,53,92,509   | 65,63,07,677   |
| Buildings                | 27,91,66,690                 | 56,52,185                 | -                        | -                       | 28,48,18,875                 | 1,70,14,890    | 55,07,691             | -  | 2,25,22,561    | 26,22,96,294   |
| Plant & Machinery        | 18,41,90,561                 | 93,21,726                 | 1,21,528                 | -                       | 19,33,90,759                 | 5,78,46,070    | 79,74,415             | -  | 6,58,20,485    | 12,75,70,274   |
| Furniture & Fittings     | 1,06,81,754                  | 3,87,938                  | 2,30,895                 | -                       | 1,08,38,797                  | 47,02,578      | 6,69,034              | 51,049                                     | 53,20,563      | 55,18,234      |
| Vehicles                 | 2,35,49,054                  | 88,63,577                 | 39,15,658                | -                       | 2,84,96,973                  | 1,08,04,422    | 25,12,117             | 25,38,834                                  | 1,07,77,705    | 1,27,44,632    |
| Office & Other Equipment | 1,39,00,404                  | 11,45,213                 | 2,42,803                 | -                       | 1,48,02,814                  | 71,90,352      | 9,00,383              | 3,31,548                                   | 77,59,187      | 70,43,627      |
|                          | 1,16,77,96,140               | 3,44,55,471               | 45,10,884                | -                       | 1,19,77,40,727               | 9,75,58,312    | 1,75,63,640           | 29,21,431                                  | 11,22,00,521   | 10,85,40,206   |
| Previous Year            | 61,95,23,205                 | 1,90,00,384               | 72,82,066                | 53,65,54,617            | 1,16,77,96,140               | 8,71,04,096    | 1,46,34,116           | 40,79,900                                  | 9,75,58,312    | 1,07,02,37,828 |

Note: Disposal during the year under Plant & Machinery represents Rs.1,21,528 received from Tea Board against Fixed Assets added during the year 2007-2008

## ROSSELL TEA LIMITED

| SCHEDULE 6<br>INVESTMENTS  | As on 31.03.2009<br>Rs. | As on 31.03.2008<br>Rs. |
|--|-------------------------|-------------------------|
| <b>At Cost</b>   |                         |                         |
| <b>Long Term Investments</b>   |                         |                         |
| <b>Trade Investments: Unquoted</b>   |                         |                         |
| <b>In Shares, Debentures or Bonds</b>  |                         |                         |
| 50,000 (2008- 50,000) Equity Shares of Rs.10 each fully paid up of Assam Hospitals Limited                                 | 5,00,000                | 5,00,000                |
| 83,305 (2008- Nil) Equity Shares of Rs.1 each fully paid up of Celsia Hotels Private Limited                               | 12,50,00,805            | -                       |
| 19,26,000 (2008- Nil) Equity Shares of Rs.1 each fully paid up of PSK Resorts & Hotels Private Limited                     | 5,20,02,000             | -                       |
| 100 (2008- Nil) Equity Shares of Singapore\$ 1 each fully paid up of RV Enterprizes Pte. Ltd.                              | 3,355                   | -                       |
| <b>Other Investments: Unquoted</b>   |                         |                         |
| <b>In Shares, Debentures or Bonds</b>  |                         |                         |
| 500 5.50% Non-Convertible Redeemable Taxable Bonds Series VII of Rs. 10,000 each of Rural Electrification Corporation Ltd. | 50,00,000               | 50,00,000               |
| <b>In Units</b>  |                         |                         |
| Face value Rs.10 each  |                         |                         |
| Nil (2008- 64,117.769) Kotak Liquid ( Institutional)-Dividend  | -                       | 6,42,830                |
| 2,75,908.7964 (2008 - Nil) Kotak Floater Short Term (G)  | 39,66,331               | -                       |
| Nil (2008-12,22,500) DSP Merrill Lynch World Gold Fund-Growth  | -                       | 12,50,006               |
| 1,50,000(2008- 1,50,000) Sundaram BNP Paribas Energy Opportunities Fund- Dividend  | 15,00,000               | 15,00,000               |
| Nil ( 2008-2,50,000) Kotak Global Emerging Market Fund-Growth  | -                       | 25,00,000               |
| <b>Other Investments: Quoted</b>   |                         |                         |
| <b>In Shares, Debentures or Bonds</b>  |                         |                         |
| Fully Paid Equity Shares of Rs.10 each   |                         |                         |
| 13,840 (2008- 13,840) Mysore Petro Chemicals Limited   | 7,49,793                | 7,49,793                |
| 2,878 (2008-1,10,000) HDFC Bank Ltd. (Formerly known as Centurian Bank of Punjab Ltd.)                                     | 45,70,348               | 60,65,000               |
| 8,504 (2008-4,888) ICICI Bank Ltd.   | 23,41,686               | 56,93,113               |
| Nil (2008-1,350) Mundra port and Special Economic Zone Ltd.  | -                       | 11,88,006               |
| Nil (2008-1,000) Mahindra & Mahindra Ltd.  | -                       | 6,44,041                |
| 9,000 (2008-9,000) Power Grid Corporation of India Ltd.  | 11,63,408               | 11,63,408               |
| Nil (2008-2,700) Reliance Industries Ltd.  | -                       | 71,59,066               |
| Nil (2008-7,500) Reliance Petroleum Ltd.   | -                       | 14,58,174               |
| 6,765 (2008-4,943) Infrastructure Development Finance Co. Ltd.   | 7,45,985                | 9,63,982                |

**ROSSELL TEA LIMITED**

| <b>SCHEDULE 6 (Contd.)</b>                                 | <b>As on 31.03.2009</b> | <b>As on 31.03.2008</b> |
|--|-------------------------|-------------------------|
|  | <u>Rs.</u>              | <u>Rs.</u>              |
| Nil (2008-1,000) Kotak Mahindra Bank Ltd.                  | –                       | 10,64,731               |
| 4,500 (2008-4,500) NTPC Ltd.                               | <b>10,46,294</b>        | 10,46,294               |
| 175 (2008-100) State Bank of India                         | <b>2,92,490</b>         | 2,24,276                |
| 79 (2008-600) Tata Power Ltd.                              | <b>48,121</b>           | 7,84,338                |
| Nil (2008-1,205) Bharat Petroleum Ltd.                     | –                       | 4,84,446                |
| Nil (2008-994) CESC Ltd.                                   | –                       | 5,59,181                |
| Nil (2008-231) Container Corporation of India Ltd.         | –                       | 3,67,613                |
| 1,544 (2008-1,576) Gujrat Narmada Fertiliser Ltd.          | <b>2,32,160</b>         | 2,36,945                |
| Nil (2008-1,804) Hindustan Petroleum Corporation Ltd.      | –                       | 5,18,575                |
| Nil (2008-3,236) NIIT Ltd.                                 | –                       | 4,40,629                |
| 655 (2008-1,233) Rallis India Ltd.                         | <b>2,71,930</b>         | 4,82,729                |
| Nil (2008-1,161) Tata Motors Ltd.                          | –                       | 8,99,021                |
| Nil (2008-913) Tata Tea Ltd.                               | –                       | 7,75,384                |
| Nil (2008-940) Television Eighteen India Ltd.              | –                       | 4,51,182                |
| Nil (2008-1,506) Tata Communications Ltd.                  | –                       | 7,10,570                |
| 502 (2008-Nil) Reliance Capital Ltd.                       | <b>1,56,652</b>         | –                       |
| 148 (2008-Nil) Bharti Airtel Ltd.                          | <b>82,153</b>           | –                       |
| 1,590 (2008-Nil) Cairn India Ltd.                          | <b>2,51,171</b>         | –                       |
| <br>   |                         |                         |
| Fully Paid Equity Shares of Rs.5 each                      |                         |                         |
| Nil (2008-2,000) Reliance Communications Ltd.              | –                       | 14,05,449               |
| 2,138 (2008-2,021) Network 18 Media & Investments Ltd.     | <b>7,10,792</b>         | 6,73,050                |
| Nil (2008-337) Network 18 Media & Investments Ltd.-PCCPS   | –                       | 50,620                  |
| <br>   |                         |                         |
| Fully Paid Equity Shares of Rs.2 each                      |                         |                         |
| Nil (2008-850) Divi's laboratories Ltd.                    | –                       | 12,22,826               |
| 5,000 (2008-5,000) GMR Infrastructure Ltd.                 | <b>8,97,642</b>         | 8,97,642                |
| 3,500 (2008-3,500) Jaiprakash Associates Ltd.              | <b>11,97,616</b>        | 11,97,616               |
| 1,460 (2008-600) Larsen & Toubra Ltd.                      | <b>22,34,354</b>        | 20,84,808               |
| 1,000 (2008-1,000) Punj Lloyd Ltd.                         | <b>4,40,106</b>         | 4,40,106                |
| Nil (2008-322) Financial Technologies Ltd.                 | –                       | 8,29,533                |
| Nil (2008 - 949) Gammon India Ltd.                         | –                       | 5,20,486                |
| Nil (2008-2,489) Max india Ltd.                            | –                       | 5,87,977                |
| <br>   |                         |                         |
| Fully Paid Equity Shares of Rs.1 each                      |                         |                         |
| Nil (2008-400) Jindal Steel and Power Ltd.                 | –                       | 9,22,170                |
| 193 (2008-Nil) Sesa Goa Ltd.                               | <b>14,097</b>           | –                       |
| Nil (2008-4,539) Marico Ltd.                               | –                       | 2,83,045                |
|  | <b>20,54,19,289</b>     | 5,66,38,661             |
| <br>   |                         |                         |
| Less: Provision for diminution in the value of Investments | <b>7,24,189</b>         | 7,24,189                |
|  | <b>20,46,95,100</b>     | 5,59,14,472             |
| <br>   |                         |                         |
| <b>Aggregate Book value (Net of Provisions)</b>            |                         |                         |
| Quoted Investments   | <b>1,74,46,798</b>      | 4,45,21,636             |
| Unquoted Investments                                       | <b>18,72,48,302</b>     | 1,13,92,836             |
|  | <b>20,46,95,100</b>     | 5,59,14,472             |
| Market Value of Quoted Investments                         | <b>90,73,289</b>        | 3,59,16,186             |

## ROSSELL TEA LIMITED

|   | As on 31.03.2009   | As on 31.03.2008   |
|---|--------------------|--------------------|
|   | <u>Rs.</u>         | <u>Rs.</u>         |
| <b>SCHEDULE 7</b>   |                    |                    |
| <b>INVENTORIES</b>  |                    |                    |
| Stock of Raw materials at cost                                      | 61,66,171          | 67,50,350          |
| Stock of Work in Progress at works cost                             | 79,37,383          | 18,43,000          |
| Stock of Tea at lower of cost and net realisable value              | 72,76,881          | 75,73,438          |
| Stock of Stores & Spares at or under cost                           | 1,39,95,166        | 1,39,01,648        |
|   | <u>3,53,75,601</u> | <u>3,00,68,436</u> |
| <b>SCHEDULE 8</b>   |                    |                    |
| <b>SUNDRY DEBTORS</b>   |                    |                    |
| Unsecured , Considered Good   |                    |                    |
| Debts outstanding for a period exceeding six months                 | 52,72,120          | 77,15,694          |
| Other Debts   | 1,78,52,125        | 3,38,33,530        |
|   | <u>2,31,24,245</u> | <u>4,15,49,224</u> |
| <b>SCHEDULE 9</b>   |                    |                    |
| <b>CASH AND BANK BALANCES</b>                                       |                    |                    |
| Cash in Hand  | 2,87,496           | 1,79,121           |
| Remittance -in- Transit   | 4,61,500           | -                  |
| With Scheduled Banks  |                    |                    |
| on Current Accounts   | 36,19,065          | 37,35,869          |
| on EEFC Account in USD  | 22,63,050          | -                  |
| on EEFC Account in Euro   | 15,41,573          |                    |
| on Margin Money Account   | 27,53,656          | 7,44,315           |
| on Unpaid Dividend Accounts   | 71,617             | 52,494             |
|   | <u>1,09,97,957</u> | <u>47,11,799</u>   |
| <b>SCHEDULE 10</b>  |                    |                    |
| <b>OTHER CURRENT ASSETS</b>   |                    |                    |
| Interest Accrued on Deposits  | 7,70,457           | 3,05,715           |
| Other Receivables   | 1,57,45,552        | 1,55,26,094        |
|   | <u>1,65,16,009</u> | <u>1,58,31,809</u> |
| <b>SCHEDULE 11</b>  |                    |                    |
| <b>LOANS AND ADVANCES</b>   |                    |                    |
| Unsecured , Considered Good   |                    |                    |
| Advances for Capital Assets   | 2,46,68,287        | 2,40,38,309        |
| Intercorporate Deposits   | 2,50,00,000        | 58,50,000          |
| Advances recoverable in cash or in kind or for value to be received | 2,93,99,170        | 1,04,88,391        |
| Deposits  | 2,03,59,067        | 92,14,603          |
|   | <u>9,94,26,524</u> | <u>4,95,91,303</u> |
| <b>SCHEDULE 12</b>  |                    |                    |
| <b>CURRENT LIABILITIES</b>  |                    |                    |
| Sundry Creditors  | 1,25,18,066        | 1,86,03,114        |
| Other Liabilities   | 6,16,52,619        | 6,50,88,281        |
| Interest Accrued but not Due  | 4,44,101           | 4,85,936           |
| Unpaid Dividend   | 71,616             | 52,494             |
|   | <u>7,46,86,402</u> | <u>8,42,29,825</u> |

**ROSSELL TEA LIMITED**

| <b>SCHEDULE 13</b>           | <b>As on 31.03.2009</b> | <b>As on 31.03.2008</b> |
|------------------------------|-------------------------|-------------------------|
| <b>PROVISIONS</b>            | <u>Rs.</u>              | <u>Rs.</u>              |
| Provision for Taxation (Net) | 54,46,838               | 58,58,565               |
| Proposed Dividend            | 1,10,08,943             | 78,92,869               |
| Tax on Dividend              | 18,70,970               | 13,41,393               |
|                              | <u>1,83,26,751</u>      | <u>1,50,92,827</u>      |

**Schedules to the Consolidated Profit and Loss Account**

| <b>SCHEDULE - 14</b>                        | <b>2008-2009</b>    | <b>2007-2008</b>    |
|---|---------------------|---------------------|
| <b>OTHER INCOME</b>                         | <u>Rs.</u>          | <u>Rs.</u>          |
| <b>Interest</b>                             |                     |                     |
| On Intercompany Deposits                    | 10,25,623           | 3,01,155            |
| On Other Deposits                           | 13,90,878           | 1,98,547            |
| On Fixed Deposits with Banks                | 44,507              | 10,03,905           |
| On Income Tax Refund                        | 1,11,008            | 1,31,211            |
| <br>  |                     |                     |
| Dividend                                    | 2,54,101            | 3,07,077            |
| Gain on Exchange (Net)                      | -                   | 23,00,614           |
| Subsidy - Replanting                        | 16,69,844           | 21,15,662           |
| Tea Board Orthodox Subsidy Scheme           | 1,02,20,435         | 1,14,74,750         |
| Sale of DEP B Licence                       | 29,40,437           | 31,70,380           |
| Sundry Receipts                             | 13,18,341           | 14,35,962           |
| Liabilities no Longer Required written back | 16,25,467           | -                   |
|   | <u>2,06,00,641</u>  | <u>2,24,39,263</u>  |
| <br>  |                     |                     |
| <b>SCHEDULE - 15</b>                        |                     |                     |
| <b>(INCREASE)/DECREASE IN STOCK</b>         |                     |                     |
| Opening Stock Of Tea/ Work-in-progress      | 94,16,438           | 1,25,16,534         |
| Less: Closing Stock Of Tea/Work-in-progress | 1,52,14,264         | 94,16,438           |
|   | <u>(57,97,826)</u>  | <u>31,00,096</u>    |
| <br>  |                     |                     |
| <b>SCHEDULE - 16</b>                        |                     |                     |
| <b>EXPENSES</b>                             |                     |                     |
| <b>Payment and benefits to Employees</b>    |                     |                     |
| Salaries, Wages and Bonus                   | 18,47,35,705        | 18,69,55,976        |
| Contribution to Provident and other Funds   | 2,53,54,895         | 2,32,99,289         |
| Workmen and Staff Welfare                   | 2,81,87,903         | 2,56,74,834         |
|   | <u>23,82,78,503</u> | <u>23,59,30,099</u> |
| <br>  |                     |                     |
| <b>Other Expenses</b>                       |                     |                     |
| Consumption of Stores and Spare Parts       | 6,51,59,139         | 3,94,77,793         |
| Consumption of Raw Materials                | 1,09,43,300         | 85,92,503           |
| Purchase of Green Leaf                      | 6,25,005            | 78,06,468           |
| Job work                                    | 71,222              | 9,67,306            |



## ROSSELL TEA LIMITED

| <b>SCHEDULE 16 (Contd.)</b>                                    | <b>2008-2009</b>           | <b>2007-2008</b>           |
|--|----------------------------|----------------------------|
|  | <b>Rs.</b>                 | <b>Rs.</b>                 |
| Carriage Inward  | 1,14,972                   | 3,33,197                   |
| Testing Charges  | -                          | 1,25,442                   |
| Power and Fuel   | 3,98,45,761                | 4,21,52,124                |
| Tea Cess   | 13,05,766                  | 13,46,465                  |
| Cess on Green Leaf   | 57,41,347                  | 58,97,493                  |
| Rent   | 35,07,998                  | 24,66,511                  |
| Rates and Taxes  | 20,85,977                  | 29,96,345                  |
| Repairs to Building  | 1,45,60,739                | 1,03,96,389                |
| Repairs to Machinery   | 1,11,47,458                | 1,02,44,105                |
| Other Repairs and Maintenance                                  | 37,91,641                  | 16,42,056                  |
| Vehicles Maintenance   | 48,24,591                  | 47,11,848                  |
| Transportation   | 1,17,88,493                | 1,25,27,729                |
| Shipment Charges   | 33,16,040                  | 33,68,235                  |
| Warehousing and Selling Expenses                               | 91,05,234                  | 96,37,531                  |
| Brokerage  | 38,78,665                  | 33,41,932                  |
| Commission on Sales  | 23,07,603                  | 24,76,722                  |
| Late Delivery Charges  | 9,81,472                   | -                          |
| Insurance  | 12,02,019                  | 12,87,257                  |
| Directors' Fee and Commission                                  | 2,66,000                   | 2,80,000                   |
| Auditors' Remuneration   | 3,03,617                   | 2,83,463                   |
| Travelling and Conveyance                                      | 1,07,07,074                | 1,01,30,817                |
| Miscellaneous Expenses   | 2,70,86,248                | 1,77,87,473                |
| Loss on Exchange (Net)   | 11,46,759                  | -                          |
| Loss on Disposal of Fixed Asset (Net)                          | 12,06,244                  | 1,70,480                   |
|  | <b><u>23,70,20,384</u></b> | <b><u>20,04,47,684</u></b> |
|  | <b><u>47,52,98,887</u></b> | <b><u>43,63,77,783</u></b> |
| <b>SCHEDULE - 17</b>   |                            |                            |
| <b>INTEREST</b>  |                            |                            |
| On Bank Overdraft  | 68,32,135                  | 17,16,003                  |
| On Term Loans to Banks   | 71,35,508                  | 47,83,738                  |
| On Intercompany Deposits                                       | 58,14,657                  | 44,12,096                  |
| On Unsecured Loan from Managing Director ( Executive Chairman) | 39,13,793                  | 44,23,180                  |
| Others   | 1,79,746                   | 2,69,305                   |
|  | <b><u>2,38,75,839</u></b>  | <b><u>1,56,04,322</u></b>  |
| Less: Interest Subsidy   | 18,87,684                  | 40,42,453                  |
|  | <b><u>2,19,88,155</u></b>  | <b><u>1,15,61,869</u></b>  |

**SCHEDULE – 18**

**NOTES ON CONSOLIDATED ACCOUNTS**

**1. Basis of Preparation of Accounts**

The accompanying financial statements have been prepared to comply, in all material aspects, with applicable statutory/ regulatory provisions, accounting standards and generally accepted accounting principles and practices prevailing in India.

**2. Consolidation Procedure**

2.1 Consolidated financial statements of the Group, comprising Rossell Tea Limited (Parent) and its Subsidiaries, Sigma Microsystems Private Limited (Subsidiary) and Rossell Aviation Private Limited (Fully Owned Subsidiary) have been prepared on the basis of

- a) Audited Accounts of the Parent for the year ended 31st March, 2009
- b) Audited Accounts of the Subsidiaries for the year ended 31st March, 2009
- c) Line by Line aggregation of each item of asset / liability/ income /expenses of the Subsidiaries with the respective item of the Parent, and after eliminating all intra group transactions and unrealized profit/ loss, if any, as per Accounting Standard -21, Consolidated Financial Statements issued by the Institute of Chartered accountants of India.

2.2 The excess of cost to the Parent of its investment in the Subsidiaries over its Share of the Equity of the Subsidiaries, at the date on which such investment was made, has been recognized as goodwill and shown as an asset in the consolidated financial statements.

2.3 Minority Interest in the Consolidated financial statements is the net assets of the Subsidiaries consisting of :

- a) The amount of Equity attributable to the minority shareholders at the date on which such investment was made by the Parent in the Subsidiaries.
- b) The amount of surplus in the profit and loss account attributable to the minority shareholders as on the close of the financial year ended 31st March, 2009.

**3. List of Subsidiaries considered for preparation of Consolidated financial statements**

Rossell Tea Limited (Parent) is having two Subsidiaries, Sigma Microsystems Private Limited ( on and from 15th September, 2006) and Rossell Aviation Private Limited (on and from 4th February, 2009), Companies incorporated in India under the Companies Act, 1956 as on the reporting date. The proportion of ownership interest of the Parent in the Subsidiary is 56.25% and 100% respectively.

The new Subsidiary Company Rossell Aviation Private Limited was incorporated on 17th June, 2008 and accordingly their accounts relate to the period from 17th June, 2008 to 31st March, 2009. The Company did not undertake any business activity during the period.

**4. Changes in Consolidation Process as compared to 2007-2008**

The Consolidated Financial Statements have been prepared on the same basis as that adopted in respect of the accounting year 2007-2008 with no change in the Consolidation Process. As per Paragraph 30 of Accounting Standard-21, Consolidated Financial Statements, comparative figures for the previous year have been presented.

**5. Significant Accounting Policies**

The following Accounting Policies have been adopted by both Parent and Subsidiaries and accordingly for preparing these Consolidated financial statements:

**5.1 Basis of Accounting**

The financial statements have been prepared in accordance with historical cost concept.

## **ROSSELL TEA LIMITED**

### **5.2 Revenue Recognition**

Sales are inclusive of Excise Duty, Education Cess and Value Added Tax in case of Subsidiaries, while the same for Parent is exclusive of Value Added Tax, where applicable. There is no Excise Duty and Education Cess payable on Tea produced by the Parent. Other items of income and expenditure are recognised on accrual and prudent basis.

### **5.3 Fixed Assets**

Fixed Assets are stated at cost of acquisition, net of subsidy received and Cenvat Credit, where applicable together with resultant write up due to revaluation and depreciated on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956.

The cost of Extension Planting on cultivable land including cost of development is capitalised. However, cost of upkeep and maintenance of the areas still not matured for plucking and cost of replanting in existing areas are charged to revenue.

Profit or Loss on disposal of Fixed Assets is recognised in the Profit and Loss Account.

Any Impairment Loss is recognized, if and when the carrying value of Fixed Assets of a cash generating unit exceeds its market value or value in use, whichever is higher as per Accounting Standard, AS-28, Impairment of Assets, issued by the Institute of Chartered Accountants of India.

### **5.4 Foreign Currency Transaction**

Foreign Currency Transactions are converted and accounted for at the rates prevailing on the dates of transaction. Year-end current assets (Monetary Items) and liabilities are restated at the year-end exchange rate and resultant net gain or loss is adjusted in the Profit and Loss Account as prescribed by Accounting Standard-11, Accounting for the Effect of Changes in Foreign Exchange Rates, issued by the Institute of Chartered Accountants of India.

### **5.5 Investments**

Investments are stated at cost of acquisition and treated as long term investments.

### **5.6 Inventories**

Stock of Tea is valued at lower of cost and net realisable value and that of stores and spares is valued at or under cost. Stock of Raw Materials is valued at cost of acquisition and that of work-in-process at works cost.

### **5.7 Staff Benefits**

- a) The Parent Company operates Defined Contribution Schemes namely, Provident Fund and Superannuation Fund for certain classes of employees. Monthly contribution is made to these funds which are fully funded and administered by Trustees and are independent of Parent Company's finance. The Subsidiary Company contributes to Regional Provident Fund Authorities. Contributions are recognized in Profit and Loss Account on an accrual basis.
- b) Defined Benefit Plans like Gratuity and Pension Schemes (frozen as on 31st March, 2002) are also maintained by the Parent Company. The Parent Company contributes to these funds and such contribution is determined by the actuary at the end of the year. Pending full funding to said Gratuity and defined benefit Pension Fund, the Parent Company ascertains the liability on the basis of an actuarial valuation at the end of each year. Actuarial gains and losses are recognized in the Profit and Loss Account. The Parent Company also recognizes in the Profit and Loss Account gains or losses on curtailment or settlement of a defined benefit plan

## ROSSELL TEA LIMITED

as and when the curtailment or settlement occurs. Both the pension fund and gratuity fund are administered by the Trustees and are independent of Parent Company's finance. The Subsidiary Company has provided for gratuity based on actuarial valuation

- c) Leave encashment liability for certain eligible employees, as determined on the basis of an actuarial valuation, is provided for at the end of each year, except where the same is actually ascertained and paid/provided for and charge is recognized in the Profit and Loss Account.

### 5.8 Borrowing Cost

Borrowing cost is recognised as an expense to the extent, the same has been incurred for the year, unless such cost is directly attributable to the acquisition, construction or production of a qualifying asset and capitalised as part of the cost of that asset as prescribed by Accounting Standard-16, Borrowing Cost, issued by the Institute of Chartered Accountants of India. Subsidy received/receivable on this account is adjusted with expense for the year.

### 5.9 Replanting Subsidy

Replanting Subsidy is recognised as income in the Profit and Loss Account in the year of receipt on prudent basis.

### 5.10 Taxes on Income

Current Tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rates and laws.

Provisions for Deferred Taxation is made at the current rate of taxation, on all timing difference, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. Deferred Tax Asset is reviewed at each Balance Sheet date to reassess realization.

## 6. Segment Information for the year ended 31st March, 2009

**1. Business Segments:** The Segment report of the Group has been prepared as per Accounting Standard, AS-17- Segment Reporting issued by the Institute of Chartered Accountants of India. The Group has following Business Segments as Primary Segment for disclosure.

- A. Cultivation, Manufacture and Sale of Tea.
- B. Technical and Support Services by Aerotech Services Division.
- C. Design and Development of Avionics Equipment.
- D. Rossell Aviation

| <b>2. Revenue:</b>                                 | <b>2008-2009<br/>Rs.</b> | <b>2007-2008<br/>Rs</b> |
|--|--------------------------|-------------------------|
|  |                          |                         |
| A. Cultivation, Manufacture and Sale of Tea        | <b>55,64,11,352</b>      | 49,72,56,763            |
| B. Technical and Support Services                  | <b>3,83,78,398</b>       | 6,42,61,931             |
| C. Design and Development of<br>Avionics Equipment | <b>2,11,48,781</b>       | 3,71,73,135             |
| D. Rossell Aviation                                | -                        | -                       |
|  | <b>61,59,38,531</b>      | 59,86,91,829            |
| Less: Inter Segment Revenue                        | <b>9,59,816</b>          | 22,41,776               |
| Total Revenue                                      | <b>61,49,78,715</b>      | 59,64,50,053            |

## ROSSELL TEA LIMITED

|   | 2008-2009<br>Rs.      | 2007-2008<br>Rs |
|---|-----------------------|-----------------|
| <b>3. Results</b>   |                       |                 |
| A. Cultivation, Manufacture and Sale of Tea                   | <b>13,18,14,379</b>   | 21,58,68,126    |
| B. Technical and Support Services                             | <b>1,42,65,863</b>    | 3,75,28,581     |
| C. Design and Development of<br>Avionics Equipment            | <b>(1,40,67,550)</b>  | 45,50,777       |
| D. Rossell Aviation   | <b>(5,715)</b>        | –               |
|   | <b>13,20,06,977</b>   | 25,79,47,484    |
| Less: i) Un-allocated expenses, net<br>of un-allocated Income | –                     | –               |
| Profit (Loss) on Sale of<br>Investments                       | <b>(79,67,095)</b>    | 13,67,485       |
| Unrealized (Loss)/Profit on exchange                          | <b>(1,09,80,000)</b>  | 38,90,000       |
| ii) Interest Net of subsidy                                   | <b>(2,26,46,738)</b>  | (1,25,27,882)   |
| Profit before Taxation  | <b>9,04,13,144</b>    | 25,06,77,087    |
| <b>4. Segment Assets</b>                                      |                       |                 |
| A. Cultivation, Manufacture and Sale of Tea                   | <b>1,46,65,65,587</b> | 1,25,57,84,744  |
| B. Technical and Support Services                             | <b>5,63,58,617</b>    | 5,77,23,742     |
| C. Design and Development of<br>Avionics Equipment            | <b>5,23,14,140</b>    | 4,80,19,291     |
| D. Rossell Aviation   | <b>98,629</b>         | –               |
|   | <b>1,57,53,36,973</b> | 1,36,15,27,777  |
| <b>5. Segment Liabilities</b>                                 |                       |                 |
| A. Cultivation, Manufacture and Sale of Tea                   | <b>8,61,75,472</b>    | 9,27,89,672     |
| B. Technical and Support Services                             | <b>10,74,340</b>      | 17,07,202       |
| C. Design and Development of<br>Avionics Equipment            | <b>57,57,827</b>      | 48,25,778       |
| D. Rossell Aviation   | <b>62,050</b>         | –               |
|   | <b>9,30,69,689</b>    | 9,93,22,652     |
| <b>6. Capital Expenditure</b>                                 |                       |                 |
| A. Cultivation, Manufacture and Sale of Tea                   | <b>2,89,32,670</b>    | 1,32,49,969     |
| B. Technical and Support Services                             | <b>50,89,395</b>      | 30,36,107       |
| C. Design and Development of<br>Avionics Equipment            | <b>6,16,808</b>       | 27,14,308       |
| D. Rossell Aviation   | –                     | –               |
|   | <b>3,46,38,873</b>    | 1,90,00,384     |

**ROSSELL TEA LIMITED**

|  | <b>2008-2009</b>   | 2007-2008   |
|--|--------------------|-------------|
|  | <b>Rs.</b>         | Rs          |
| <b>7. Depreciation</b>                             |                    |             |
| A. Cultivation, Manufacture and Sale of Tea        | <b>1,27,30,614</b> | 1,31,06,196 |
| B. Technical and Support Services                  | <b>8,97,534</b>    | 5,43,784    |
| C. Design and Development of<br>Avionics Equipment | <b>5,01,112</b>    | 8,84,136    |
| D. Rossell Aviation                                | -                  | -           |
|  | <b>1,41,29,260</b> | 1,45,34,116 |

**7. The following are the Related Party transactions undertaken by the Group during this accounting period in terms of AS-18 - Related Party Disclosures issued by the Institute of Chartered Accountants of India:**

- a. Name of related party and nature of relationship:  
Key Management Personnel
- Mr. H.M. Gupta, Executive Chairman  
Mr. C.S. Bedi, Managing Director
- Holding Company
- BMG Enterprises Ltd.
- Enterprises over which the Key Management Personnel or their relatives have significant influence
- BMG Investments Pvt. Ltd.  
Harvin Estates Pvt. Ltd.

b. Particulars of transactions during the year ended 31st March, 2009

| Nature of transaction  | Key Management Personnel and relatives | Holding Company               | Enterprises where significant influence is exercisable as aforesaid |
|--|--|-------------------------------|---|
| a. Net increase in Inter Corporate Deposit / Unsecured Loans | -<br>(5,30,60,000)                     | <b>1,92,70,307</b><br>(-)     | -<br>(48,50,000)  |
| b. Net decrease in Inter Corporate Deposits                  | <b>3,07,00,000</b><br>(-)              | -<br>(1,83,50,000)            | <b>4,64,15,000</b><br>(-)   |
| c. Interest paid on Unsecured Loans taken                    | <b>39,13,793</b><br>(44,23,180)        | <b>7,87,397</b><br>(6,52,370) | <b>11,11,975</b><br>(37,59,726)                                     |
| d. Rent paid for Space taken                                 | <b>4,20,000</b><br>(4,20,000)          | -<br>(-)                      | <b>6,00,000</b><br>(6,00,000)                                       |
| e. Remuneration Paid   | <b>53,44,587</b><br>(63,80,053)        | -<br>(-)                      | -<br>(-)  |

## ROSSELL TEA LIMITED

|   |                               |                         |                        |
|---|-------------------------------|-------------------------|------------------------|
| f. Purchase of Equity Shares of Rossell Aviation Pvt. Ltd. (Subsidiary Company) | <b>50,000</b><br>(-)          | -                       | -                      |
| g. Remuneration paid to relative  | <b>5,72,039</b><br>(1,35,000) | -                       | -                      |
| h. Dividend Paid  | <b>9,33,696</b><br>(-)        | <b>58,15,636</b><br>(-) | <b>1,19,974</b><br>(-) |

(Previous year's figures are in bracket)

8. Additional statutory information disclosed in separate financial statements of the Parent and the Subsidiaries having no bearing on the true and fair view of the Consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the Consolidated financial statements in view of the general clarification issued by the Institute of Chartered Accountants of India.

9. **Earning Per Equity Share**

Earnings per Equity Share (Net of Minority Interest) as per Accounting Standard AS-20, Earning per Share issued by the Institute of Chartered Accountants of India, has been computed as under:

|  | <b>2008-2009</b>   | 2007-2008    |
|--|--------------------|--------------|
|  | <b>Rs.</b>         | Rs.          |
| (a) Profit after Taxation                                | <b>6,37,02,495</b> | 21,09,03,073 |
| (b) Weighted average number of Equity Shares outstanding | <b>66,42,857</b>   | 63,14,295    |
| (c) Earnings per Share                                   | <b>9.59</b>        | 33.40        |

10. The Parent acquired the ownership interest in Fully Owned Subsidiary, Rossell Aviation Private Limited on and from 4th February, 2009 during this Financial Year. Therefore, figures in respect of previous year are without that of Rossell Aviation Private Limited and not comparable.
11. Previous year's figures have been rearranged wherever necessary.

H.M. Gupta  
*Executive Chairman*

H.M. Parekh  
*Director*

P. L. Agarwal  
*Director*

C.S. Bedi  
*Managing Director*

R.N. Deogun  
*Director*

N.K. Khurana  
*Vice President (Finance)*  
*-cum-Company Secretary*

Place : Kolkata  
Date : 11th June, 2009

**ROSSELL TEA LIMITED**

**Consolidated Cash Flow Statement for the year ended 31st March,2009**

|  | 2008-2009            |                       | 2007-2008      |               |
|--|----------------------|-----------------------|----------------|---------------|
|  | Rs.                  | Rs.                   | Rs.            | Rs.           |
| <b>A. Cash Flow from Operating Activities</b>            |                      |                       |                |               |
| Profit before Tax and Extraordinary items                |                      |                       |                |               |
| Adjustment for :   |                      | <b>9,04,13,144</b>    |                | 25,06,77,087  |
| Depreciation(Net of adjustment)                          | <b>1,38,71,778</b>   |                       | 1,45,34,116    |               |
| Interest (Net)   | <b>2,19,88,155</b>   |                       | 1,15,61,869    |               |
| Loss on Disposal of Fixed Assets (Net)                   | <b>12,06,244</b>     |                       | 1,70,480       |               |
| Unrealised Loss (Gain) on Exchange                       | <b>1,09,80,000</b>   |                       | (38,90,000)    |               |
| Loss (Profit) on sale of Investments                     | <b>79,67,095</b>     |                       | (13,67,485)    |               |
| Profit on sale of Property                               | –                    |                       | (11,98,00,898) |               |
| Liabilities Written back                                 | <b>(16,25,467)</b>   | <b>5,43,87,805</b>    | –              | (9,87,91,918) |
|  |                      | <b>14,48,00,949</b>   |                | 15,18,85,169  |
| Items Considered in Investing Activity :                 |                      |                       |                |               |
| Interest on Deposits etc.                                | <b>(25,72,016)</b>   |                       | (16,34,818)    |               |
| Dividend   | <b>(2,54,101)</b>    | <b>(28,26,117)</b>    | (3,07,077)     | (19,41,895)   |
|  |                      | <b>14,19,74,832</b>   |                | 14,99,43,274  |
| Operating Profit before Working Capital Changes          |                      |                       |                |               |
| Adjustment for :   |                      |                       |                |               |
| Current Assets   | <b>(3,67,71,629)</b> |                       | (2,00,79,480)  |               |
| Current Liabilities                                      | <b>(79,17,956)</b>   | <b>(4,46,89,585)</b>  | 1,59,37,943    | (41,41,537)   |
| Cash Generated from Operations                           |                      | <b>9,72,85,247</b>    |                | 14,58,01,737  |
| Interest Paid  | <b>(2,19,88,155)</b> |                       | (1,15,61,869)  |               |
| Direct Taxes (Net of refund)                             | <b>(2,02,54,847)</b> | <b>(4,22,43,002)</b>  | (2,13,13,614)  | (3,28,75,483) |
| Cash Flow before Extraordinary Items                     |                      | <b>5,50,42,245</b>    |                | 11,29,26,254  |
| Extraordinary Items                                      |                      | –                     |                | –             |
| <b>Net Cash Flow from Operating Activities</b>           |                      | <b>5,50,42,245</b>    |                | 11,29,26,254  |
| <b>B. Cash Flow from Investing Activities :</b>          |                      |                       |                |               |
| Purchase of Fixed Assets including                       |                      |                       |                |               |
| Advances for Capital Assets                              |                      | <b>(3,49,64,861)</b>  |                | (4,58,59,197) |
| Sale of Fixed Assets (Net of earnest Money)              |                      | <b>5,19,162</b>       |                | 9,28,32,584   |
| Sale of Investments                                      |                      | <b>4,86,76,739</b>    |                | 4,19,52,412   |
| Purchase of Investments                                  |                      | <b>(20,54,24,461)</b> |                | (9,59,73,795) |
| Compensation received from acquisition of Land           |                      | –                     |                | 8,62,627      |
| Preliminary Expenses of Subsidiary Company               |                      | <b>(57,706)</b>       |                | –             |
| Cost of acquisition of Equity Shares of Subsidiary (Net) |                      | <b>(250)</b>          |                | –             |



## ROSSELL TEA LIMITED

|  | 2008-2009             |     | 2007-2008             |     |
|--|-----------------------|-----|-----------------------|-----|
|  | Rs.                   | Rs. | Rs.                   | Rs. |
| Interest Received  | 25,72,016             |     | 16,34,818             |     |
| Dividend Received  | 2,54,101              |     | 3,07,077              |     |
| <b>Net Cash Flow from Investing Activities</b>                                   | <b>(18,84,25,260)</b> |     | <b>(42,43,474)</b>    |     |
| <b>C. Cash Flow from Financing Activities</b>                                    |                       |     |                       |     |
| Proceeds of Equity Share Capital,<br>including Securities Premium                | 10,25,00,000          |     | –                     |     |
| Intercompany deposits(ICD) (repaid) /taken<br>including interest accrued thereon | (5,57,67,844)         |     | 3,05,26,713           |     |
| Repayment of External Commercial Borrowings                                      | –                     |     | (4,33,20,000)         |     |
| Proceeds of Short Term Loans From Banks (Net)                                    | 8,26,97,796           |     | –                     |     |
| Repayment of Short Term Borrowings from Banks (Net)                              | –                     |     | (10,40,18,151)        |     |
| Proceeds of Short Term Borrowings from Bank (Net)                                | 1,94,73,483           |     | –                     |     |
| Dividend Paid and Tax thereon  | (92,34,262)           |     | –                     |     |
| <b>Net Cash Flow from Financing Activities</b>                                   | <b>13,96,69,173</b>   |     | <b>(11,68,11,438)</b> |     |
| <b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>                         | <b>62,86,158</b>      |     | <b>(81,28,658)</b>    |     |
| <b>Cash and Cash Equivalents as at 31.03.2008</b>                                |                       |     |                       |     |
| (Opening Balance)  | 47,11,799             |     | 1,28,40,457           |     |
| <b>Cash and Cash Equivalents as at 31.03.2009</b>                                |                       |     |                       |     |
| (Closing Balance)  | 1,09,97,957           |     | 47,11,799             |     |

### Notes :

- The above Statement has been prepared under the Indirect Method as given in Accounting Standard on Cash Flow Statement (AS - 3) issued by the Institute of Chartered Accountants of India.
- The Parent acquired the ownership interest in Fully Owned Subsidiary, Rossell Aviation Private Limited on and from 4th February, 2009 during this Financial Year. Therefore, figures in respect of previous year are without that of Rossell Aviation Private Limited and not comparable.
- Previous year's figures have been rearranged wherever necessary.

In terms of our Report of even date

For S. S. Kothari & Co.  
Chartered Accountants,

R. K. Roy Chaudhury  
Partner

H.M. Gupta  
Executive Chairman

H.M. Parekh  
Director

R.N. Deogun  
Director

C.S. Bedi  
Managing Director

P. L. Agarwal  
Director

N.K. Khurana  
Vice President (Finance)  
-cum-Company Secretary

Place : Kolkata  
Date : 11th June, 2009

## ROSSELL AVIATION PRIVATE LIMITED

### DIRECTORS' REPORT

Your Directors have pleasure in presenting the First Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2009.

#### HOLDING COMPANY :

Upon acquisition of the entire Equity Share Capital of the Company by Rossell Tea Limited and their nominee, your Company has become a fully owned subsidiary company of Rossell Tea Limited with effect from 4th February 2009.

With Rossell Tea Limited as the Holding Company, your Company is now a public limited company within the meaning of section 3 of the Companies Act, 1956.

#### OPERATING RESULTS :

The Company was incorporated on 17th June, 2008 and accordingly the accounts relates for the period 17th June, 2008 to 31st March, 2009. Being the first year, the previous year's figures are not available.

| Particulars   | Current Year (Rs.) |
|---|--------------------|
| Profit/(loss) before depreciation                     | (5,715)            |
| Depreciation  | Nil                |
| Net Profit / (loss) after depreciation and before tax | (5,715)            |
| Provision for Income / Wealth Tax                     | Nil                |
| Balance Carried Forward to Balance Sheet (Loss)       | (5,715)            |

The Company did not undertake any business activities during the year, though all the possibilities were explored to start the same.

#### DIVIDEND :

Since the Company did not start any business activities, no dividend can be recommended by your Directors.

#### FIXED DEPOSITS :

The Company has neither invited nor accepted any deposits from the public.

#### DIRECTORS :

During the year Dr. S.S. Baijal was appointed as Additional Director to hold office till the conclusion of the first Annual General Meeting. The Special Notice has been received from a member proposing him as a Director in the ensuing Annual General Meeting. Being eligible the Board recommends for his appointment as Director on the Board of the Company.

#### AUDITORS :

M/s. S R Dinodia & Co., Chartered Accountants who retires at this Annual General Meeting have agreed to continue till the conclusion of next meeting subject to compliance of various provisions of the Companies Act, 1956.

#### CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNINGS & OUTGO :

Since the Company did not take up any business activities, the information is not required to be provided.

#### DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies, Act, 1956, Directors state and confirm the following :

- (i) That in preparation of the Company's Annual Accounts for the period ended 31st March, 2009, applicable accounting standards have been followed and proper explanations have been provided for material departures, where applicable.
- (ii) That the Directors had selected such accounting policies and applied them consistently and made judgements 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 ended 31st March, 2009 and loss of the Company for that financial year.
- (iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularity.
- (iv) That the Directors had prepared the Annual Accounts on a going concern basis.

On behalf of Board of Directors

Place: Kolkata  
Date: 30th April, 2009

H. M. Gupta  
C. S. Bedi  
*Directors*

## ROSSELL AVIATION PRIVATE LIMITED

### AUDITORS' REPORT

To the Share Holders of M/S ROSSELL AVIATION PVT. LTD.

We have audited the attached Balance Sheet of M/S. ROSSELL AVIATION PVT. LTD., as at 31st March 2009 and also the Profit and Loss Account for the period ended on that date. 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.

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 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.

We report that :

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) The Company's Balance sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as Director in terms of clause (g) of Sub-section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
  - ii) In the case of the Profit and Loss Account, of the Loss for the period ended on that date.

For **S. R. Dinodia & Co.**  
*Chartered Accountants,*

Sandeep Dinodia  
*Partner*  
M. No. 083689

Place : New Delhi  
Dated : 30th April, 2009

**ROSSELL AVIATION PRIVATE LIMITED**

**Balance Sheet as at 31st March, 2009**

|  | Schedule | As at 31.03.2009<br>Rs. |
|--|----------|-------------------------|
| <b>SOURCES OF FUND</b>                           |          |                         |
| <b>Shareholder's Fund</b>                        |          |                         |
| Share Capital                                    | A        | 1,00,000.00             |
|  |          | 1,00,000.00             |
| <b>APPLICATIONS OF FUND</b>                      |          |                         |
| <b>Current Assets, Loans and Advances</b>        |          |                         |
| Cash and Bank Balances                           | B        | 98,629.00               |
|  |          | 98,629.00               |
| <b>Less : Current Liabilities and Provisions</b> |          |                         |
| Current Liabilities                              | C        | 62,050.40               |
|  |          | 62,050.40               |
| <b>Net Current Assets</b>                        |          | <b>36,578.60</b>        |
| <b>Miscellaneous Expenditure</b>                 |          |                         |
| (To the extent not written off)                  |          |                         |
| Preliminary Expenses                             |          | 57,706.40               |
| Profit and Loss Account                          |          | 5,715.00                |
|  |          | 1,00,000.00             |
| <b>Accounting Polices and Notes to Account</b>   | <b>D</b> |                         |

**AUDITORS' REPORT**

As per our separate report of even date attached

**For S. R. DINODIA & CO.**

*Chartered Accountants*

Sandeep Dinodia  
*Partner*  
M. No. 083689

Place : New Delhi  
Dated : 30th April, 2009

On behalf of the Board  
H. M. Gupta  
*Director*

C. S. Bedi  
*Director*

**ROSSELL AVIATION PRIVATE LIMITED**

**Profit and Loss Account for the Period From 17th June, 2008 to 31st March, 2009**

|   | <u>Schedule</u> | <u>Current Period<br/>Rs.</u> |
|---|-----------------|-------------------------------|
| <b>EXPENDITURE</b>                              |                 |                               |
| Audit Fees                                      |                 | 5,515.00                      |
| Printing Charges                                |                 | 200.00                        |
|   |                 | <u>5,715.00</u>               |
| <b>LOSS</b>                                     |                 |                               |
| (Loss) before tax                               |                 | (5,715.00)                    |
| Profit/(Loss) after tax                         |                 | (5,715.00)                    |
| Balance Carried to Balance Sheet                |                 | <u>(5,715.00)</u>             |
| <b>Basic/Diluted Earning Per Share</b>          |                 | <b>(0.72)</b>                 |
| (Refer Note No. B (1) of Schedule D)            |                 |                               |
| <b>Accounting Policies and Notes to Account</b> | <b>D</b>        |                               |

**AUDITORS' REPORT**

As per our separate report of even date attached

For **S. R. DINODIA & CO.**

*Chartered Accountants*

Sandeep Dinodia

*Partner*

M. No. 083689

Place : New Delhi

Dated : 30th April, 2009

On behalf of the Board

H. M. Gupta

*Director*

C. S. Bedi

*Director*

**ROSSELL AVIATION PRIVATE LIMITED**

**Schedules forming part of the Balance Sheet**

|  | <u>As at 31.03.2009</u><br><u>Rs.</u> |
|--|---------------------------------------|
| <b>SCHEDULE - A</b>  |                                       |
| <b>SHARE CAPITAL</b>   |                                       |
| <b>Authorised</b>  |                                       |
| 50, 000 equity shares of Rs. 10 each                             | <u>5,00,000.00</u>                    |
| <b>Issued, Subscribed and Paid up</b>                            |                                       |
| 10,000 equity shares of Rs. 10 each fully paid-up                | <u>1,00,000.00</u>                    |
|  | <u>1,00,000.00</u>                    |
| <b>SCHEDULE - B</b>  |                                       |
| <b>CURRENT ASSETS AND LOANS &amp; ADVANCES</b>                   |                                       |
| Cash and Bank Balances   |                                       |
| Cash in Hand   | 3,829.00                              |
| Balance with Scheduled Bank<br>(In current account)<br>HDFC Bank | <u>94,800.00</u>                      |
|  | <u>98,629.00</u>                      |
| <b>SCHEDULE - C</b>  |                                       |
| <b>CURRENT LIABILITIES AND PROVISIONS</b>                        |                                       |
| <b>CURRENT LIABILITIES</b>                                       |                                       |
| Sundry Creditors   |                                       |
| For Expenses   | 5,515.00                              |
| For others   | <u>56,535.40</u>                      |
|  | <u>62,050.40</u>                      |

**Schedule forming part of the Balance Sheet and Profit and Loss Account**

**SCHEDULE - D**

**SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNT**

**A. SIGNIFICANT ACCOUNTING POLICES**

**1. Accounting Convention**

The financial statements are prepared under the historical cost convention using mercantile basis of accounting in accordance with applicable mandatory accounting standards and relevant presentational requirements of the Companies Act, 1956.

**2. Taxes on Income**

**Current Tax**

Current tax is amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

**Deferred Tax**

Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets subject to consideration of prudence, are recognized and carried forward only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**3. Earning Per Share**

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year.

## ROSSELL AVIATION PRIVATE LIMITED

### 4. Preliminary Expenses

Expenses shall be written off to the profit and loss account beginning with the previous year in which the business commences or the new unit commences its production or operation.

### B. NOTES TO ACCOUNT

#### 1. Earning Per Share (EPS)

The numerators and denominators used to calculate basic/diluted earning per share are :

|   |           | Amount (Rs.)<br>For the Period ended<br>31st March 2009 |
|---|-----------|---|
| Profit/(Loss) attributable to the equity shareholders                                 | (A)       | (5,715.00)  |
| Number of Shares  |           | 10,000  |
| No. of days for which shares remained outstanding                                     |           | 291   |
| Weighted average number of equity shares used in calculating basic earnings per share | (B)       | 7,972.60  |
| Basic Earning per Share   | (A) / (B) | (0.72)  |

#### 2. Payments to Auditors

| Particulars | Amount (Rs.)<br>For the Period ended<br>31st March, 2009 |
|-------------|--|
| Audit Fee   | 5,000.00   |
| Others      | 10,000.00  |
| Service Tax | 1,751.00   |

- Pursuant to amendments to Schedule VI to the Companies Act, 1956 vide notification number GSR 719 (E) dated November 16, 2007, there is no amount due to the Micro, Small and Medium Enterprises as at 31st March, 2009 under Micro, Small and Medium Enterprises Development Act, 2006, hence, disclosure relating to amounts unpaid at the year end together with interest paid / payable under this Act has not been given.
- This is the first financial statements of the Company, as the Company was incorporated on 17th day of June, 2008, hence, no previous year's figures are available.
- Since the Company has not yet commenced any commercial operations, hence, there is no virtual certainty that sufficient future taxable income would be available in future to realise deferred tax asset, therefore, deferred tax has not been recognised on the principle of prudence as stated in para 15 - 18 of the Accounting Standard 22 - "Taxation on Income" issued by the institute of Chartered Accountants of India.

### Signature to Schedules 'A' to 'D'

#### AUDITORS' REPORT

As per our report attached

#### For S. R. DINODIA & CO.

Chartered Accountants

Sandeep Dinodia

Partner

M. No. 083689

Place : New Delhi

Dated : 30th April, 2009

On behalf of the Board

H. M. Gupta

Director

C. S. Bedi

Director

## SIGMA MICROSYSTEMS PRIVATE LIMITED

### DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting their 13th Annual report together with the Audited Statement of Accounts of the Company for the year ended 31.03.2009.

#### FINANCIAL PERFORMANCE

During the year under review the financial performance of the Company are as follows:

| Particulars                             | <b>2008-2009</b><br><b>Rs. In Lacs</b> | 2007-2008<br>Rs. In Lacs |
|---|--|--------------------------|
| Total Income                            | <b>252.32</b>                          | 388.66                   |
| Profit Before Interest and Depreciation | <b>(80.88)</b>                         | 54.35                    |
| Interest                                | <b>16.93</b>                           | 13.74                    |
| Depreciation                            | <b>4.68</b>                            | 8.84                     |
| Profit Before Tax                       | <b>(102.49)</b>                        | 31.77                    |
| Income Tax and Fringe Benefit Tax       | <b>(2.56)</b>                          | (12.16)                  |
| Profit After Tax                        | <b>(105.05)</b>                        | 19.61                    |

Your Directors with deep regret report low performance of the Company during the year 2008-2009 due to many factors which influenced the Business. A few of the influencing factors are

- a) Major orders for SSFDR for HAL, SERVO CONTROL UNIT for BDL expected during 2008-2009 have not been realized and were delayed beyond the financial year.
- b) Non recovery of some of the dues from Customers on account of related tests to be conducted by them for final acceptances resulted in Cash crunch during the year for funds availability from Customers, and increased interest rates by Bank.
- c) General recessionary conditions in the Industry and market, lead to tightening of cash availability from Bankers.

#### FUTURE OUTLOOK

Your Company is poised for higher turnover with carry over orders on hand to the tune of Rs.400 lakhs app. as on 1.4.2009. The following positive factors would add up to the benefit of the Company during the coming year 2009-2010. We expect to achieve a turnover of Rs.600 lakhs during the next year.

- a) The R & D expenditure incurred during the year 2008-2009 in respect of certain new products such as
  1. POWER PC BOARDS
  2. Ticket Issuing Machine Project
  3. Light weight Mines Project
  4. Software development for Single Board Computer(MPC 8280 VME)
  5. PMC Digital I/O module
  6. PCI Express digital I/O module
  7. VME based Analog, Digital and communication modules
  8. APPLICATION SOFTWARE FOR SSFDRWould be realized in the next and future years.
- b) The increased political stability at Centre will augur well for Defence spending where the Company has good market share.



## **SIGMA MICROSYSTEMS PRIVATE LIMITED**

### **AUDITORS**

M/s Pavuluri & Co., Chartered Accountants, Hyderabad appointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting in the place of M/s. G.P. Associates, Chartered Accountants, Retiring Auditors as they have expressed their inability to continue as Statutory Auditors.

### **DIRECTORS**

AVM (Retd.) D. K. Sen and Shri V. K. Gupta, Directors retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### **DEPOSITS**

The Company has not accepted any Deposits during the year as per the provisions of the Companies (Acceptance of Deposits) Rules, 1975 and as such there is no outstanding deposits.

### **PERSONNEL**

There are no employees covered by section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 as amended.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

In pursuance of Section 217(2AA) of the Companies Act, 1956, your directors confirm:

- a) That in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- b) That the directors had selected such accounting policies and applied them consistently and made judgements 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 for that period.
- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) That the directors had prepared the annual accounts on the going concern basis.

### **INFORMATION U/S. 217(1)(e) OF THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

a) **Conservation of Energy**

Particulars regarding energy consumption are given by way of annexure in this report in Form A.

b) **Technology Absorption**

The Company has not imported any Technology.

c) Foreign Exchange Earnings : NIL

d) Foreign Exchange Out go : Rs.50,59,499

### **INDUSTRIAL RELATIONS**

Your Directors wish to record their deep sense of appreciation for the dedicated services rendered by all the employees. Industrial relations in the company have been extremely good throughout the year.

For and on behalf of the Board

C.DAMODAR REDDY  
*Managing Director*

Place : Hyderabad  
Date : 01.06.2009

P. V. SANJAY  
*Director*

## SIGMA MICROSYSTEMS PRIVATE LIMITED

### AUDITORS' REPORT

To the Members of  
**SIGMA MICROSYSTEMS PRIVATE LIMITED.**

We have audited the attached Balance Sheet of SIGMA MICROSYSTEMS PRIVATE LIMITED as at 31.03.2009 and also the Profit and Loss Account for the year ended on that date annexed thereto. 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.

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 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.

As required by the Companies' (Auditor's Report) Order, 2003, issued by the Central Government of India, in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the annexure referred to 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 purpose of our audit.
- b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the mandatory Accounting Standards referred to in Sub-Section 3(C) of Section 211 of the Companies Act, 1956.
- e) On the basis of the written representations received from the Directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that 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 Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,
  - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009 and
  - ii) In the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date.

For G.P. ASSOCIATES  
*Chartered Accountants*

CA.P.A. RAMAIAH  
*Partner*  
M.No.203300

Place: Hyderabad  
Date: 01.06.2009

## SIGMA MICROSYSTEMS PRIVATE LIMITED

### ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of our report of even date,

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) All the assets have been physically verified by the management during the year. No material discrepancies were noticed on such physical verification.
2. (a) The inventories have been physically verified by the management during the year at reasonable intervals.  
(b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material.
3. (a) The company had taken loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,08,44,511 and the year-end balance of loan taken from such parties was Rs. 1,97,86,275. The Company has not granted any loans to companies, firms or other parties covered under section 301 of the Companies Act, 1956.  
(b) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the Company.  
(c) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever necessary.  
(d) In respect of loans taken, the Company has taken reasonable steps for payments of principal and interest in respect of overdue amounts of more than Rupees one lakh each wherever necessary.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods.
5. (a) In our opinion, there are no transactions made in pursuance of contracts or arrangements, that need to be entered into the register maintained under section 301 of the Companies Act, 1956.  
(b) In our opinion, there are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the year to Rs.5,00,000 or more in respect of each party.
6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits as defined under section 58A of the Companies Act, 1956.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records.

## SIGMA MICROSYSTEMS PRIVATE LIMITED

9. (a) According to the books and records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities whenever applicable. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2009 for a period exceeding six months from the date they became payable.  
  
(b) According to the information and explanations given to us, there are no dues of Income Tax and other statutory dues, which have not been deposited on account of any dispute.
10. The Company has no accumulated losses and has not incurred cash losses in the immediately preceding financial year. However the Company incurred cash losses in the current financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to banks and financial institutions.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks, and financial institutions.
16. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investments.
17. The Company has not made any preferential allotment of share to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
18. No debentures have been issued by the Company and hence, the question of creating securities in respect thereof does not arise.
19. The Company has not raised any money by way of public issues during the year.
20. On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year.

For G.P. ASSOCIATES  
*Chartered Accountants*

CA.P.A. RAMAIAH  
*Partner*  
M.No.203300

Place: Hyderabad  
Date: 01.06.2009

## SIGMA MICROSYSTEMS PRIVATE LIMITED

### Balance Sheet as at 31st March, 2009

|   | Schedule | As at 31.03.2009 |                    | As at 31.03.2008 |                    |
|---|----------|------------------|--------------------|------------------|--------------------|
|   |          | Rs.              | Rs.                | Rs.              | Rs.                |
| <b>A. SOURCES OF FUNDS :</b>                          |          |                  |                    |                  |                    |
| <b>1. Shareholders Funds</b>                          |          |                  |                    |                  |                    |
| a) Share Capital                                      | 1        |                  | 1,00,00,000        |                  | 1,00,00,000        |
| b) Reserves & Surplus                                 | 2        |                  | 17,44,884          |                  | 1,22,50,129        |
| <b>2. Loan Funds</b>                                  |          |                  |                    |                  |                    |
| a) Secured Loans                                      | 3        |                  | 68,10,090          |                  | 8,48,333           |
| b) Unsecured Loans                                    | 4        |                  | 1,97,86,275        |                  | 1,98,44,511        |
| <b>3. Deferred Tax Liability</b>                      |          |                  |                    |                  |                    |
|   |          |                  | 4,14,115           |                  | 2,50,541           |
|   |          |                  | <u>3,87,55,364</u> |                  | <u>4,31,93,514</u> |
| <b>B. APPLICATION OF FUNDS :</b>                      |          |                  |                    |                  |                    |
| <b>1. Fixed Assets:</b>                               |          |                  |                    |                  |                    |
| a) Gross Block  | 5        |                  | 89,37,456          |                  | 88,21,287          |
| b) Less : Depreciation                                |          |                  | <u>43,72,893</u>   |                  | <u>41,68,726</u>   |
| c) Net Block  |          |                  | 45,64,563          |                  | 46,52,561          |
| <b>2. Current Assets, Loans &amp; Advances:</b>       |          |                  |                    |                  |                    |
| a) Inventories  | 6        |                  | 1,39,77,126        |                  | 85,93,350          |
| b) Sundry Debtors                                     | 7        |                  | 1,76,72,570        |                  | 3,27,15,860        |
| c) Loans & Advances                                   | 8        |                  | 1,01,94,345        |                  | 65,16,634          |
| d) Cash & Bank Balnces                                | 9        |                  | <u>29,51,119</u>   |                  | <u>9,20,114</u>    |
|   |          |                  | 4,47,95,160        |                  | 4,87,45,958        |
| Less : <b>Current Liabilites<br/>&amp; Provisions</b> | 10 & 11  |                  | <u>1,06,04,359</u> |                  | <u>1,02,05,005</u> |
| <b>Net Current Assets</b>                             |          |                  | 3,41,90,801        |                  | 3,85,40,953        |
|   |          |                  | <u>3,87,55,364</u> |                  | <u>4,31,93,514</u> |
| <b>Notes on Accounts</b>                              | 18       |                  |                    |                  |                    |

As per our report of even date

For G.P.ASSOCIATES  
Chartered Accountants

CA.P.A. RAMAIAH  
Partner

Place: Hyderabad  
Date: 01.06.2009

For and on behalf of the Board of Directors

C.DAMODAR REDDY  
Managing Director

P.V. SANJAY  
Director

**SIGMA MICROSYSTEMS PRIVATE LIMITED**

**Profit and Loss Account for the year ended 31st March, 2009**

|  | <u>Schedule</u> | <u>Year ended 31.03.2009</u> |            | <u>Year ended 31.03.2008</u> |            |
|--|-----------------|------------------------------|------------|------------------------------|------------|
|  |                 | <u>Rs.</u>                   | <u>Rs.</u> | <u>Rs.</u>                   | <u>Rs.</u> |
| <b>A. INCOME :</b>                                     |                 |                              |            |                              |            |
| Sales - Gross  |                 | 2,04,41,658                  |            | 4,17,96,457                  |            |
| Less: Excise Duty                                      |                 | <u>12,41,427</u>             |            | <u>50,60,816</u>             |            |
| Net Sales  |                 | 1,92,00,231                  |            | 3,67,35,641                  |            |
| Foreign exchange gain                                  |                 | -                            |            | 7,964                        |            |
| Other Income   | 12              | 47,441                       |            | 4,29,530                     |            |
| Increase/(Decrease)<br>in Inventory                    | 13              | <u>59,84,383</u>             |            | <u>16,93,000</u>             |            |
|  |                 | <u>2,52,32,055</u>           |            | <u>3,88,66,135</u>           |            |
| <b>B. EXPENDITURE :</b>                                |                 |                              |            |                              |            |
| Manufacturing Expenses                                 | 14              | 1,05,06,433                  |            | 1,09,16,896                  |            |
| Payment and Benefits to<br>Employees                   | 15              | 1,40,85,134                  |            | 1,25,10,850                  |            |
| Administrative Expenses                                | 16              | 89,85,272                    |            | 1,00,03,476                  |            |
| Financial Charges                                      | 17              | 16,93,218                    |            | 13,74,264                    |            |
| Depreciation   | 5               | 4,67,903                     |            | 8,84,136                     |            |
|  |                 | <u>3,57,37,960</u>           |            | <u>3,56,89,622</u>           |            |
| Profit/(Loss) Before Prior<br>Period Changes           |                 | (1,05,05,905)                |            | 31,76,513                    |            |
| Less: Prior Period Income                              |                 | 2,57,354                     |            | -                            |            |
| <b>Profit/(Loss) before Tax</b>                        |                 | <b>(1,02,48,551)</b>         |            | <b>31,76,513</b>             |            |
| Less: Provision for Taxes                              |                 |                              |            |                              |            |
| Current Tax  |                 | -                            |            | 11,00,280                    |            |
| Deferred Tax Liability                                 |                 | 1,63,574                     |            | 27,584                       |            |
| Fringe Benefit tax                                     |                 | <u>93,120</u>                |            | <u>88,650</u>                |            |
| <b>Profit/(Loss) after tax</b>                         |                 | <b>(1,05,05,245)</b>         |            | <b>19,59,999</b>             |            |
| <b>Profit Brought forward from Previous year</b>       |                 | <b>1,22,50,129</b>           |            | <b>1,02,90,130</b>           |            |
| <b>Balance profit carried forward to Balance Sheet</b> |                 | <b>17,44,884</b>             |            | <b>1,22,50,129</b>           |            |

As per our report of even date

For G.P.ASSOCIATES  
*Chartered Accountants*

CA.P.A. RAMAIAH  
*Partner*

Place: Hyderabad  
Date: 01.06.2009

For and on behalf of the Board of Directors

C.DAMODAR REDDY  
*Managing Director*

P.V. SANJAY  
*Director*

**SIGMA MICROSYSTEMS PRIVATE LIMITED**

**Schedules forming part of the Balance Sheet**

|   | <b>As at 31.03.2009</b> | As at 31.03.2008   |
|---|-------------------------|--------------------|
|   | <b>Rs.</b>              | Rs.                |
| <b>SCHEDULE 1</b>   |                         |                    |
| <b>SHARE CAPITAL</b>  |                         |                    |
| <b>Authorised :</b>   |                         |                    |
| 15,00,000 Equity Shares of Rs.10 each   | <u>1,50,00,000</u>      | <u>1,50,00,000</u> |
| <b>Issued, Subscribed and paid up :</b>   |                         |                    |
| 10,00,000 Equity Shares of Rs.10 each fully paid<br>( Of the above 5,62,500 Equity shares held by the<br>Holding Company, Rossell Tea Limited.) | <u>1,00,00,000</u>      | <u>1,00,00,000</u> |
|   | <u>1,00,00,000</u>      | <u>1,00,00,000</u> |
| <b>SCHEDULE - 2</b>   |                         |                    |
| <b>RESERVES &amp; SURPLUS</b>   |                         |                    |
| Balance of Profit from Profit and Loss A/c  | <u>17,44,884</u>        | <u>1,22,50,129</u> |
|   | <u>17,44,884</u>        | <u>1,22,50,129</u> |
| <b>SCHEDULE - 3</b>   |                         |                    |
| <b>SECURED LOANS</b>  |                         |                    |
| Cash Credit from S B I<br>( Secured by hyphothecation of<br>book debts and stock )  | -                       | 8,48,333           |
| Cash Credit from IndusInd Bank<br>( Secured by hyphothecation of book<br>debts and stock & Corporate Guarentee from<br>Rossell Tea Limited )    | <u>68,10,090</u>        | -                  |
|   | <u>68,10,090</u>        | <u>8,48,333</u>    |
| <b>SCHEDULE - 4</b>   |                         |                    |
| <b>UNSECURED LOANS</b>  |                         |                    |
| Loan from Directors   | <u>1,03,69,397</u>      | 82,70,000          |
| Intercorporate Deposits (Holding Company)   | <u>94,16,878</u>        | 1,15,74,511        |
|   | <u>1,97,86,275</u>      | <u>1,98,44,511</u> |

**SIGMA MICROSYSTEMS PRIVATE LIMITED**

**SCHEDULE - 5  
FIXED ASSETS**

| Sl. No | NAME OF THE ASSET    | GROSS BLOCK             |                  |                  |                         | DEPRECIATION            |                     |                     |                         | NET BLOCK               |                         |
|--------|----------------------|-------------------------|------------------|------------------|-------------------------|-------------------------|---------------------|---------------------|-------------------------|-------------------------|-------------------------|
|        |                      | As at 01.04.2008<br>Rs. | ADDITIONS<br>Rs. | DELETIONS<br>Rs. | As at 31.03.2009<br>Rs. | As at 01.04.2008<br>Rs. | FOR THE YEAR<br>Rs. | Adjust-ments<br>Rs. | As at 31.03.2008<br>Rs. | As at 31.03.2009<br>Rs. | As at 31.03.2008<br>Rs. |
| 1      | Test Equipment       | 13,00,190               | -                | -                | 13,00,190               | 2,83,918                | 91,923              | -                   | 3,75,841                | 9,24,349                | 10,16,272               |
| 2      | Electrical Equipment | 9,82,460                | 68,500           | -                | 10,50,960               | 1,28,321                | 73,374              | -                   | 2,01,695                | 8,49,265                | 8,54,139                |
| 3      | Furniture            | 12,19,337               | 28,688           | 84,652           | 11,63,373               | 2,09,565                | 78,447              | 6,254               | 2,81,758                | 8,81,615                | 10,09,772               |
| 4      | Office Equipment     | 7,43,494                | 88,833           | -                | 8,32,327                | 1,23,064                | 37,760              | -                   | 1,60,824                | 6,71,503                | 6,20,430                |
| 5      | Computer             | 39,06,039               | 14,800           | -                | 39,20,839               | 33,65,054               | 1,26,502            | 2,37,950            | 32,53,606               | 6,67,233                | 5,40,985                |
| 6      | Vehicles             | 6,69,767                | -                | -                | 6,69,767                | 58,804                  | 59,897              | 19,532              | 99,169                  | 5,70,598                | 6,10,963                |
|        | <b>Total :</b>       | <b>88,21,287</b>        | <b>2,00,821</b>  | <b>84,652</b>    | <b>89,37,456</b>        | <b>41,68,726</b>        | <b>4,67,903</b>     | <b>2,63,736</b>     | <b>43,72,893</b>        | <b>45,64,563</b>        | <b>46,52,561</b>        |
|        | Previous Year        | 67,52,215               | 27,14,308        | 6,45,236         | 88,21,287               | 35,75,627               | 8,84,136            | 2,91,037            | 41,68,726               | 46,52,561               | 31,76,588               |

**SCHEDULE - 6**

**INVENTORIES**

(As Certified by the Management)

Raw Materials

Work in process

**As at 31.03.2009**

**Rs.**

**As at 31.03.2008**

**Rs.**

**61,49,743**

67,50,350

**78,27,383**

18,43,000

**1,39,77,126**

85,93,350

**SCHEDULE - 7**

**SUNDRY DEBTORS**

(Unsecured, Considered Good)

Outstanding for more than 6 months

Others

**52,72,120**

77,15,694

**1,24,00,450**

2,50,00,166

**1,76,72,570**

3,27,15,860

**SCHEDULE - 8**

**LOANS AND ADVANCES**

(Unsecured, Considered Good, advances recoverable either in cash or in kind, for value to be received)

Advance Tax

Advance F B T

Advances to suppliers

Deposits

Other advances

**53,07,025**

52,28,875

**85,000**

1,50,352

**40,79,183**

3,58,528

**5,16,546**

5,12,546

**2,06,591**

2,66,333

**1,01,94,345**

65,16,634

**SCHEDULE - 9**

**CASH AND BANK BALANCES**

Cash on hand

Cash at Banks

Bank Deposits ( Margin money)

**52,490**

57,143

**1,84,797**

1,78,894

**27,13,832**

6,84,077

**29,51,119**

9,20,114



**SIGMA MICROSYSTEMS PRIVATE LIMITED**

|  | <u>As at 31.03.2009</u> | <u>As at 31.03.2008</u> |
|--|-------------------------|-------------------------|
|  | Rs.                     | Rs.                     |
| <b>SCHEDULE - 10</b>   |                         |                         |
| <b>CURRENT LIABILITIES</b>                                   |                         |                         |
| TDS Payable  | 2,03,620                | 1,40,034                |
| Other Liabilities  | 42,77,631               | 35,22,718               |
| Advances from customers                                      | -                       | 1,22,500                |
| Sundry Creditors   | 6,86,511                | 9,22,274                |
|  | <u>51,67,762</u>        | <u>47,07,526</u>        |
| <b>SCHEDULE - 11</b>   |                         |                         |
| <b>PROVISIONS</b>  |                         |                         |
| Provision for Tax  | 53,43,477               | 53,43,477               |
| Provision for Fringe Benefit Tax                             | 93,120                  | 1,54,002                |
|  | <u>54,36,597</u>        | <u>54,97,479</u>        |
| <b>Schedules forming part of the Profit and Loss Account</b> |                         |                         |
|  | <b>Year ended</b>       | <b>Year ended</b>       |
|  | <b>31.03.2009</b>       | <b>31.03.2008</b>       |
|  | Rs.                     | Rs.                     |
| <b>SCHEDULE - 12</b>   |                         |                         |
| <b>OTHER INCOME</b>  |                         |                         |
| Interest Income  | 44,507                  | 21,783                  |
| Miscellaneous Income   | 2,934                   | 14,762                  |
| L.D.Charges  | -                       | 3,92,985                |
|  | <u>47,441</u>           | <u>4,29,530</u>         |
| <b>SCHEDULE - 13</b>   |                         |                         |
| <b>INCREASE/(DECREASE) IN INVENTORY</b>                      |                         |                         |
| Opening Stock WIP  | 18,43,000               | 1,50,000                |
| Closing Stock WIP  | 78,27,383               | 18,43,000               |
| Increase in Stock  | <u>59,84,383</u>        | <u>16,93,000</u>        |
| <b>SCHEDULE - 14</b>   |                         |                         |
| <b>MANUFACTURING EXPENSES</b>                                |                         |                         |
| <b>Raw material Consumed</b>                                 |                         |                         |
| Opening stock  | 67,50,350               | 12,00,000               |
| Add: Purchases   | 92,27,623               | 1,41,42,853             |
|  | <u>1,59,77,973</u>      | <u>1,53,42,853</u>      |
| Less: Closing Stock  | <u>61,49,743</u>        | <u>67,50,350</u>        |
|  | 98,28,230               | 85,92,503               |
| Job works  | 71,222                  | 9,67,306                |
| Power and Fuel   | 3,02,095                | 2,78,896                |
| Repairs and Maintenance -Machinery                           | 1,89,914                | 6,19,552                |
| Carriage Inward  | 1,14,972                | 3,33,197                |
| Testing charges  | -                       | 1,25,442                |
|  | <u>1,05,06,433</u>      | <u>1,09,16,896</u>      |

**SIGMA MICROSYSTEMS PRIVATE LIMITED**

|   | Year ended<br>31.03.2009<br><u>Rs.</u> | Year ended<br>31.03.2008<br><u>Rs.</u> |
|---|--|--|
| <b>SCHEDULE - 15</b>                      |  |  |
| <b>PAYMENT AND BENEFITS TO EMPLOYEES</b>  |  |  |
| Salaries, Wages and other allowances      | 1,16,11,337                            | 1,16,73,021                            |
| Gratuity                                  | 17,50,000                              | -                                      |
| Staff Welfare Expenses                    | 3,31,822                               | 3,57,103                               |
| Contribution to provident and other funds | <u>3,91,975</u>                        | <u>4,80,726</u>                        |
|   | <u>1,40,85,134</u>                     | <u>1,25,10,850</u>                     |
| <b>SCHEDULE - 16</b>                      |  |  |
| <b>ADMINISTRATIVE EXPENSES</b>            |  |  |
| Rent                                      | 6,40,187                               | 5,33,648                               |
| Rates and Taxes                           | 1,65,614                               | 49,638                                 |
| Travelling and Conveyance                 | 17,79,246                              | 18,12,090                              |
| Printing and Stationery                   | 1,84,980                               | 1,45,570                               |
| Telephone charges                         | 2,62,895                               | 2,65,785                               |
| Postage and Telegrams                     | 22,031                                 | 35,771                                 |
| Late delivery charges                     | 9,81,472                               | -                                      |
| Discounts and Rebates                     | -                                      | 36,096                                 |
| Professional Charges                      | 1,18,195                               | 1,46,684                               |
| Remuneration to Directors                 | 23,42,333                              | 28,65,600                              |
| General Expenses                          | 23,882                                 | 17,149                                 |
| Auditors Remuneration                     |  |  |
| Audit Fee                                 | 25,000                                 | 25,000                                 |
| Tax Audit Fee                             | 25,000                                 | 25,000                                 |
| Insurance                                 | 55,447                                 | 39,655                                 |
| Vehicle Maintenance                       | 1,95,072                               | 2,02,728                               |
| Office Maintenance                        | 5,13,545                               | 3,88,369                               |
| Advertisement Expenses                    | 54,420                                 | 2,45,490                               |
| Donations                                 | -                                      | 1,50,000                               |
| Loss on Sale of Assets                    | 33,398                                 | 84,199                                 |
| Sales promotion                           | 81,140                                 | 1,57,038                               |
| Value Added Tax                           | 7,12,184                               | 15,66,775                              |
| Consultancy charges                       | <u>7,69,231</u>                        | <u>12,11,191</u>                       |
|   | <u>89,85,272</u>                       | <u>1,00,03,476</u>                     |
| <b>SCHEDULE - 17</b>                      |  |  |
| <b>FINANCIAL CHARGES</b>                  |  |  |
| Interest on Working Capital               | 7,55,227                               | 1,38,946                               |
| Interest on Others                        | 7,58,245                               | 9,66,013                               |
| Bank Charges and Commission               | <u>1,79,746</u>                        | <u>2,69,305</u>                        |
|   | <u>16,93,218</u>                       | <u>13,74,264</u>                       |

## SIGMA MICROSYSTEMS PRIVATE LIMITED

### SCHEDULE – 18

#### ACCOUNTING POLICIES, AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009

##### A. ACCOUNTING POLICIES:

###### 1. Accounting Convention:

The accounts have been prepared on historical cost convention on accrual basis in accordance with the requirements of the Companies Act, 1956 and applicable statutes and comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

###### 2. Revenue Recognition:

Items of income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

Sales are inclusive of Value Added Tax .

###### 3. Fixed Assets:

Fixed Assets are stated at their original cost of acquisition less accumulated depreciation. Direct costs such as taxes, duties, freight and others incidental expenses related to acquisition and installation of the concerned assets are capitalized in the respective cost of fixed assets till the assets are ready to be put to use. Fixed Assets are further adjusted by the amount of CENVAT credit.

###### 4. Depreciation:

Depreciation has been provided on Straight Line method at the rates and in the manner as prescribed in Schedule XIV of the Companies Act, 1956.

###### 5. Inventories:

The Stock of Raw Materials, and Semi-Finished Goods are valued at cost or net realizable value whichever is lower.

###### 6. Retirement Benefits:

Contributions to Provident Fund are made on monthly basis and charged to Profit and Loss Account and gratuity is provided based on actual valuation

###### 7. Research and Development:

(i) Capital expenditure is shown separately under respective heads of fixed assets.

(ii) Revenue expenses are included under the respective heads of expenses.

###### 8. Taxes on Income:

Tax expense for a year comprises of current tax and deferred tax. Provision for current tax is made based on the applicable tax rates and tax laws with respect to that year. Deferred tax assets and liabilities are measure using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect of deferred tax assets and liabilities of a change in tax rates is recognized for the future tax consequences attributable to differences between financial statements carrying amounts of existing assets and liabilities and their respective tax bases.

##### B. NOTES ON ACCOUNTS

1. **Deferred Tax:** In accordance with the Accounting Standard 22, 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountant of India, the Deferred Tax Liability for the year ended 31.03.2009 amounting to Rs.1, 63, 574 has been debited to Profit and Loss Account and remaining balance is shown as Deferred Tax Liability in the Balance Sheet separately.

2. Additional information pursuant to the provision of paragraphs 3, 4 and 4D of part II of Schedule VI of the Companies Act, 1956 (As certified by the Management) to the extent applicable.

|  | <b>2008-2009</b>   | <b>2007-2008</b> |
|--|--------------------|------------------|
|  | <b>Rs.</b>         | <b>Rs.</b>       |
| A) <b>Particulars of Raw Materials Consumed</b>      |                    |                  |
| Value  | <b>98,28,230</b>   | 85,92,503        |
| B) <b>Particulars of Turnover and Goods produced</b> |                    |                  |
| i. Opening Stock                                     | <b>85,93,350</b>   | 18,43,000        |
| ii. Sales  | <b>2,04,41,658</b> | 4,17,96,457      |
| iii. Closing Stock                                   | <b>1,39,77,126</b> | 85,93,350        |

**SIGMA MICROSYSTEMS PRIVATE LIMITED**

|   | 2008-09<br>Rs. | 2007-08<br>Rs. |
|---|----------------|----------------|
| C) Value of Imports on CIF basis            | 51,74,471      | 97,23,261      |
| D) Value of Raw Material, Stores and Spares |                |                |
| i. Raw Material                             |                |                |
| a) Imported                                 | 50,59,499      | 94,15,119      |
| b) Indigenous                               | 41,68,124      | 47,27,734      |
| ii. Stores & Spares                         |                |                |
| a) Imported                                 | NIL            | NIL            |
| b) Indigenous                               | NIL            | NIL            |

3. Managerial Remuneration

| Particulars               | For the year<br>2008-09 | For the Year<br>2007-08 |
|---------------------------|-------------------------|-------------------------|
| <b>Managing Director</b>  |                         |                         |
| Remuneration              | 9,52,242                | 11,68,800               |
| Perquisites               | NIL                     | NIL                     |
| Commission on Net profits | NIL                     | NIL                     |
| <b>Directors</b>          |                         |                         |
| Remuneration              | 13,90,091               | 16,96,800               |
| Perquisites               | NIL                     | NIL                     |
| Commission on Net profits | NIL                     | NIL                     |
| <b>Total</b>              | <b>23,42,333</b>        | <b>28,65,600</b>        |

|  |        |        |
|--|--------|--------|
| 4 Auditors Remuneration                      |        |        |
| Statutory Audit Fee ( Excluding Service Tax) | 25,000 | 25,000 |
| Tax Audit Fee(Excluding Service Tax)         | 25,000 | 25,000 |
| 5. Contingent Liabilities not provided for   | NIL    | NIL    |

|                                      |           |           |
|--------------------------------------|-----------|-----------|
| 6. Expenditure in foreign currencies |           |           |
| i. Raw Material                      |           |           |
| Imported                             | 50,59,499 | 94,15,119 |
| ii. Stores and Spares                |           |           |
| Imported                             | NIL       | NIL       |

7. Related Party Disclosure: ( AS- 18)

a) Name of the related parties .

|                              |  |
|------------------------------|--|
| i. Holding Company           | Rossell Tea Limited  |
| ii. Key Management Personnel | Managing Director: C. Damodar Reddy<br>Directors: 1. P. V. Sanjay 2. AVM D. K. Sen |

b) Aggregate Related Party disclosures for the Year 2008-2009.

| Particulars  | Holding Company |                                 |                 | Key Management Personnel |                                 |                 |
|--------------|-----------------|---------------------------------|-----------------|--------------------------|---------------------------------|-----------------|
|              | Opening Balance | Transactions<br>During the Year | Closing Balance | Opening Balance          | Transactions<br>During the Year | Closing Balance |
| Remuneration | —               | —                               | —               | —                        | 23,42,333                       | —               |
| Loans        | 1,15,74,511     | 21,57,633                       | 94,16,878       | 82,70,000                | 20,99,397                       | 1,03,69,397     |

8. Debit and Credit balances are subject to confirmation.

9. Previous year figures have been regrouped/rearranged wherever necessary

As per our report of even date

for G.P. ASSOCIATES  
Chartered Accountants

CA.P.A. RAMAIAH  
Partner

Place: Hyderabad  
Date: 01.06.2009

For and on behalf of the Board

C.DAMODAR REDDY  
Managing Director

P.V. SANJAY  
Director

## ROSSELL TEA LIMITED

### STATEMENT OF APPROXIMATE AREA, CROP AND YIELD

| <b>TEA ESTATES</b> | <b>Tea Bearing<br/>Area in<br/>Hectares</b> | <b>Crop<br/>(Kgs.)<br/>2008-2009</b> | <b>Yield<br/>per Bearing<br/>Hectare</b> |
|--------------------|---|--------------------------------------|--|
| DIKOM              | 647   | 12,63,187                            | 1,952                                    |
| NOKHROY            | 324   | 7,39,406                             | 2,282                                    |
| NAGRIJULI          | 581   | 10,15,099                            | 1,747                                    |
| BOKAKHAT           | 304   | 5,11,862                             | 1,684                                    |
| ROMAI              | 314   | 7,10,556                             | 2,263                                    |
| <b>TOTAL</b>       | <b>2,170</b>                                | <b>42,40,110</b>                     | <b>1,954</b>                             |

**ROSSELL TEA LIMITED**

REGISTERED OFFICE : JINDAL TOWERS, BLOCK 'B' 4TH FLOOR  
21/1A/3, DARGA ROAD, KOLKATA 700 0017

**ATTENDANCE SLIP**

I hereby record my presence at the FIFTEENTH ANNUAL GENERAL MEETING of the Company at Kala Kunj, 48, Shakespeare Sarani, Kolkata-700 017 at 4.00 p.m. on Friday, the 31st July, 2009.

.....  
Full name of the Shareholder  
(in block capitals)

.....  
No. of Shares held

.....  
Signature

Folio No. .... / DP ID No. \* ..... & Client ID No.\* .....

\* Applicable for members holding shares in electronic form.

.....  
Full name of Shareholder/Proxy  
(in block capitals)

.....  
Signature

**Note** : Shareholders/Proxy wishing to attend the Meeting must bring the Admission Slip to the Meeting and hand over duly signed at the registration counter.

**ROSSELL TEA LIMITED**

REGISTERED OFFICE : JINDAL TOWERS, BLOCK 'B' 4TH FLOOR  
21/1A/3, DARGA ROAD, KOLKATA 700 0017

**PROXY FORM**

I/We .....  
of ..... being at Member/Members of ROSSELL TEA LIMITED  
hereby appoint ..... of .....  
or failing him/her ..... of .....  
or failing him/her ..... of .....  
as my/our Proxy to attend and vote for me/ us and on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held on Friday, the 31st July, 2009 at 4.00 p.m. and at any adjournment thereof.

Dated this ..... day of ..... 2009.

Signed by the said .....

Affix  
Revenue  
Stamp

Folio No. .... / Client ID No. ....

**Note** : If a Member is unable to attend the Meeting, he/she may complete this Proxy Form and send it to the Company at its Registered Office so as to reach not less than 48 hours before the time of holding the Meeting.

