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ROSSELL TEA LIMITED

BOARD OF DIRECTORS

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

VICE PRESIDENT (FINANCE) CUM COMPANY SECRETARY

N. K. Khurana

AUDITORS

S. S. Kothari & Co.

BANKERS

Axis Bank Ltd.
HDFC 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

ROSSELL TEA LIMITED

Notice to the Members

Notice is hereby given that the Sixteenth Annual General Meeting of Rossell Tea Limited, will be held on **Thursday, 29th July, 2010 at 3.30 P.M. at Gyan Manch, 11, Pretoria Street, Kolkata – 700 071**, to transact the following business:

1. To receive, consider and adopt the Audited Accounts for the year ended 31st March 2010 and Reports of the Directors and Auditors thereon.
2. To confirm the payment of interim Dividend and to declare a Final Dividend for the year ended 31st March, 2010 on the Equity Shares.
3. To appoint a Director in place of Mr. H. M. Parekh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. L. Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification(s), the following Resolutions:
"RESOLVED THAT pursuant to the 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. C. S. Bedi, Managing Director for a further period of 3 years from 1st October, 2010 to 30th September, 2013 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.1,65,000 only per month in the scale of Rs.1,50,000 – Rs.2,00,000. Future increments during his tenure shall be merit-based and at the discretion of the Board within the aforesaid scale.

2. Perquisites and Allowances

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

- i) **Housing:** Rent-free furnished accommodation, for which rent shall not exceed 50% of the salary, and the expenditure on gas, electricity, water and furnishing thereof shall not exceed 10% of the salary. In case no accommodation is provided, House Rent Allowance upto 50% of the salary shall be payable to Mr. Bedi.
- ii) **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 and payment of annual premium for the medical policy for self and family taken as per the Rules of the Company.
- iii) **Leave Travel Allowance:** For self and family, once in the year in accordance with the Rules of the Company.

However, the following perquisites shall not be included in the overall ceiling:

- 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.
- b) **Gratuity** payable at a rate not exceeding half a month's salary for each completed year of service or payment 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 for Car for use on Company's business, telephone at residence and a mobile telephone 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.

ROSSELL TEA LIMITED

3. Minimum Remuneration

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

4. Overall Remuneration

The overall remuneration payable to Mr. Bedi 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.

5. Earned Leave

Mr. Bedi shall be entitled to leave according to the Rules applicable to the managerial personnel.

6. Disentitlement to Director's Fees

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

7. Duties

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

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

By Order of the Board

N K Khurana

*Vice President (Finance)
cum Company Secretary*

Place: Kolkata
Date: 26th May, 2010

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.**
- The Register of Members and Share Transfer Books of the Company will remain closed from 26th July, 2010 to 29th July, 2010 (both days inclusive) for the purpose of this Annual General Meeting.
- The dividend on Equity Shares, if declared at the Meeting shall be paid to those Members whose names shall appear on the Company's Register of Members on 29th July, 2010 for Equity Shares held in physical form. In respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
- 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.
- Members/ Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
- Members are requested to
 - quote their Registered Folio Numbers / Client ID Nos. in all correspondences with the Company / with the Registrars; and
 - 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.
- The Members are requested to contact the Company's following Registrars and Share Transfer Agents for

ROSSELL TEA LIMITED

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

8. Dematerialisation of the Equity Shares of the Company

The Equity Shares of the Company are compulsorily required to be held under DEMAT mode for Trading on the floor of the Stock Exchanges, where such Equity Shares are listed. These can be held in electronic form with any Depository Participant (DP) with whom the Members have their Depository Account. All the Members, holding Equity Shares of the Company in the physical form, are advised to get the same dematerialized. The Members may contact the Registrars and 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.

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

Registered Office:

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

By Order of the Board

N K Khurana

*Vice President (Finance)
cum Company Secretary*

Place: Kolkata

Date: 26th May, 2010

Explanatory Statement

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

Attached to the Notice convening the Sixteenth Annual General Meeting to be held on Thursday, 29th July, 2010.

Items No. 6

The existing terms of appointment of Mr. C. S. Bedi (Mr. Bedi), Managing Director is due to expire on 30th September, 2010. Accordingly, pursuant to Article 159 of the Articles of Association of the Company, the Board of Directors, in their Meeting held on 26th May, 2010 re-appointed Mr. Bedi for a further period of 3 years with effect from 1st October, 2010, 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 26th May, 2010 and accepted by the Board of Directors, as embodied in the resolution.

Mr. Bedi is associated with the Company since its inception in various capacities. He is at present Chairman of Tea Research Association and Additional Vice Chairman of the Indian Tea Association. With his specialization and vast experience in the Tea Industry, the Company has immensely benefited. The Directors, thereafter, recommend adoption of the proposed special resolution for re-appointment of Mr. Bedi as Managing Director.

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

This may be construed as Memorandum showing the nature of concern or interest of the Director in the said appointment, as required under Section 302 of the Companies Act, 1956.

Registered Office:

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21/1A/3, Darga Road,
Kolkata 700 017

By Order of the Board

N K Khurana

*Vice President (Finance)
cum Company Secretary*

Place: Kolkata

Date: 26th May, 2010

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. C. S. Bedi (Mr. Bedi), Managing Director

I. General Information:

(1) Nature of Industry

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

- (a) Cultivation, Manufacture and Sale of Black Tea.
- (b) Aviation Products and Services

(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 Technologies Division engaged in the business segment – Aviation Products and Services 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

	2009-2010	(Rs. in lacs) 2008-2009
Total Turnover	<u>7,646.41</u>	<u>5,751.78</u>
Operating Profit before interest and depreciation	<u>2,890.37</u>	<u>1,352.82</u>
Less: Interest	<u>227.11</u>	<u>209.53</u>
Profit before Depreciation	<u>2,663.26</u>	<u>1,143.29</u>
Less : Depreciation	<u>164.17</u>	<u>136.61</u>
Profit before Taxation	<u>2,499.09</u>	<u>1,006.68</u>

(5) Export performance and net foreign exchange earnings

Export Turnover	<u>1,697.93</u>	<u>1,085.01</u>
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(6) Foreign Investments and Collaborators, if any

During the year, the Company has invested Rs.1,20,01,177 in Foreign Currency to acquire 3,60,907 Ordinary Equity Shares of Singapore Dollar 1 each, fully paid up and Rs.1,83,48,000 in Foreign Currency to acquire 4,00,000 Preference Shares of US Dollar 1 each in RV Enterprises Pte. Ltd., Singapore.

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 appointee :

(1) Background details

Mr. Bedi is B.A. (Hons.) and was a Tea Planter himself. He has acquired sufficient expertise in Cultivation, Manufacture and Marketing of Tea. Having worked with Rydak Syndicate Ltd., he has been with the Company since its inception and after working in various capacities, held the office of Executive Director from 1st April, 2003 to 30th September, 2007 and thereafter the office of Managing Director from 1st October, 2007 till date. His existing tenure of service as Managing Director is due to expire on 30th September, 2010.

(2) Past Remuneration

Mr. Bedi was paid the remuneration in terms of the resolution passed by the Members of the Company in the Annual General Meeting held on 28th July, 2008. The remuneration for the year 2008-2009 and 2009-2010 as the Managing Director was Rs.22.99 lacs and Rs. 25.04 lacs respectively.

(3) Recognition or Awards

Mr. Bedi is at present the Chairman of Tea Research Association (TRA) and Additional Vice Chairman of Indian Tea Association (ITA).

ROSSELL TEA LIMITED

(4) Job Profile and Suitability

Mr. Bedi has in-depth knowledge of Tea Industry, having worked in various capacities in the Company since its inception. Mr. Bedi has been the Managing Director of the Company for more than two years and entrusted with day to day functions of the Company under the supervision and control of the Board of Directors. With his background and vast knowledge, the performance of the Company has reached a new height. He is actively involved in the affairs of the Tea Industry by virtue of his position in Tea Research Association and Indian Tea Association. In view of this, he is eminently suited for re-appointment as Managing Director of the Company.

(5) Remuneration Proposed

The remuneration proposed to be paid to Mr. Bedi, 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 Rs. in lacs	Year
Goodricke Group Ltd.	Managing Director	120.66	2009
Assam Company India Ltd.	Managing Director	66.00	2009
Warren Tea Ltd.	Managing Director	29.70	2008-2009

(7) Pecuniary Relationship

Except for the remuneration in consideration of his services rendered to the Company, Mr. Bedi has no pecuniary relationship with the Company. However, the Company has taken on rent a residential accommodation jointly owned by Mrs. & Mr. Bedi at a monthly rent of Rs.60,000.

III. Other Information :

(1) Reasons of Loss or inadequate Profit

The profit of the Company for the year ended 31st March, 2010 is considered to be adequate keeping in view the profitability of other Tea Companies as well as the performance of Aviation Products and Services business segment of the Company.

(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 of the Company's teas has been recognized in the trade. The Company has enlarged its marketing network and steps are afoot to expand the same. 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.

IV. Disclosures :

(1) Information on the Remuneration Package of Managing Director

The details of remuneration package of the Managing Directors are embodied in the Notes forming part to the Accounts of the year ended 31st March, 2010. The proposed Special Resolution for appointment of Managing Director provides the detailed information on the remuneration package.

(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.

ROSSELL TEA LIMITED

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE FORTHCOMING SIXTEENTH ANNUAL GENERAL MEETING

Name of the Director	Mr. H. M. Parekh	Mr. P. L. Agarwal	Mr. C. S. Bedi
Date of Birth	March 23, 1937	April 02, 1942	September 18, 1947
Date of Appointment	October 19, 2001	April 04, 2002	1st April, 2003 (As Executive Director) 1st October, 2007 (As Managing Director)
Qualifications	B.A. (Hons.)	B.Com., LL.B., Attorney-at-Law	B.A. (Hons.)
Expertise in specific functional areas	Tea Marketing and Corporate Affairs	Commercial, Corporate Law, Real Estate & Intellectual Property – Practicing Advocate since 1965	Tea Cultivation, Manufacture and Marketing
List of Public Companies in which Directorship is held	The Methoni Tea Co. Ltd. Gujarat Tea Processor & Packers Ltd. Quality Tea Plantations Pvt. Ltd. Trans Global Logistics (India) Ltd. Diana Tea Co. Ltd. The Grob Tea Co. Ltd. Williamson Magor & Co. Ltd. Gillanders Arbutnnot & Co. Ltd. Peria Karamalai Tea & Produce Co. Ltd. Rasoi Ltd. BMG Enterprises Ltd. Rossell Tea Ltd.	Albert David Ltd. Dhunseri Tea & Industries Ltd. Dharampal Premchand Ltd. DIC India Ltd. Karamchand Thapar & Bros. (Coal Sales) Ltd. The Oodlabari Co. Ltd. Hiland Projects Ltd. Cookson India Pvt. Ltd. Rossell Tea Ltd.	Rossell Tea Ltd.
Chairman / Member of the Committees of the Board of the Companies on which he is a Director	Diana Tea Co. Ltd. Audit Committee – Member Remuneration Committee – Member Williamson Magor & Co. Ltd. Audit Committee - Member Gillanders Arbutnnot & Co. Ltd. Audit Committee – Member Remuneration Committee – Member Peria Karamalai Tea & Produce Co. Ltd. Audit Committee – Member Remuneration Committee – Chairman Rasoi Ltd. Audit Committee – Chairman Remuneration Committee – Member Shareholders' Grievance & Share Transfer Committee - Member Rossell Tea Ltd. Audit Committee – Member Shareholders' Grievance & Share Transfer Committee - Chairman Remuneration Committee – Chairman	Albert David Ltd. Remuneration Committee – Member Share Transfer Committee - Member Dhunseri Tea & Industries Ltd. Shareholders/Investors Grievance Committee - Chairman Remuneration Committee – Member DIC India Ltd. Shareholders/Investors Grievance Committee - Chairman The Oodlabari Co. Ltd. Remuneration Committee – Member Rossell Tea Ltd. Remuneration Committee – Member	Rossell Tea Ltd. Shareholders' Grievance & Share Transfer Committee - Member

ROSSELL TEA LIMITED

Report of the Board of Directors for the year ended 31st March, 2010

Your Directors have pleasure in presenting their Sixteenth Annual Report together with the Audited Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

	<u>Year ended</u> <u>31.03.2010</u>	<u>Year ended</u> <u>31.03.2009</u>
	Rs. in Lacs	Rs. in Lacs
Profit before Interest and Depreciation	2,890.37	1,352.82
Less: Interest (Net of subsidy)	<u>227.11</u>	<u>209.53</u>
Profit before Depreciation	2,663.26	1,143.29
Less : Depreciation	<u>164.17</u>	<u>136.61</u>
Profit before Taxation	2,499.09	1,006.68
Less : Fringe Benefit Tax	-	12.50
Provision for Current Taxation	500.00	185.00
Deferred Taxation adjustment	<u>68.00</u>	<u>113.00</u>
Profit after Taxation	1,931.09	696.18
Balance Brought Forward	214.75	356.76
Transfer from Exchange Rate Variation Reserve	-	90.61
Profit available for Appropriation	<u>2,145.84</u>	<u>1,143.55</u>
Appropriated as under:		
General Reserve	1,500.00	800.00
Dividend on Equity Shares		
- Interim Paid @ 10%	73.39	-
- Final proposed @ 10% (2009-15%)	73.39	110.09
Tax on Dividend	24.95	18.71
Balance Carried Forward	<u>474.11</u>	<u>214.75</u>
	<u>2,145.84</u>	<u>1,143.55</u>

DIVIDEND

Your Directors at its Meeting held on 28th October, 2009 declared an interim dividend of Rs.1.00 per Equity Share of Rs.10 each in the Company. The Directors are now pleased to recommend to the Members, for their approval, a dividend of Rs.1.00 per Equity Shares of Rs.10 each in the Company aggregating Rs.2.00 per Equity Share i.e. 20% on the Equity Share Capital of the Company for the year ended 31st March, 2010, as against 15% paid for the year ended 31st March, 2009.

TURNOVER

The gross turnover of your Company, including the receipts for technical and support services was Rs.7,646.41 lacs for the current year as against Rs.5,751.78 lacs in the previous year.

Own crop during the year was 42.67 lac kgs. against 41.52 lac kgs. of the previous year. The total crop inclusive of bought leaf production was 42.89 lac kgs. as against 41.67 lac kgs. of the previous year.

ROSSELL TEA LIMITED

PERFORMANCE

Rossell Tea

The Directors view with utmost satisfaction your Company's performance during the year under review. The Company continued to build on the good performance of the recent past and achieved price averages which were among the highest in the Industry. With consistent quality levels your Company outperformed the market.

The Company continued its focus on the quality standards of its produce and maximized production of Orthodox Teas, which constitutes nearly 75% of its annual production. The CTC Teas produced during the year also met with good demand.

The Company continued to upgrade and modernize its manufacturing facilities. The Company's policy of uprooting and replanting to replace ageing bushes on the field is an ongoing development activity.

The Company's average for its produce for the year 2009-10 was Rs.159.68 per kg. as against Rs.128.46 for the year 2008-09, an increase of Rs.31.22 per kg. or 24.30% in 2009-10 over that of 2008-09. The average for Assam for the year 2009-10 stood at Rs.121.06 per kg. The averages fetched by the Company reflect the high quality standards achieved over the years.

Aviation Products and Services

During the year 2009-10, the turnover of the Company from Aviation Products and Services was Rs.839.24 lacs as against Rs.388.26 lacs in year 2008-09, indicating a growth of more than 116%. The profit before interest and tax also increased substantially to Rs.446.74 lacs as against a profit of Rs.87.54 lacs only in the previous year.

Aerotech Services Division has successfully signed long term agreement with multi national companies for providing product support services for their equipments fitted on various aircrafts, helicopters and ships in India. It is also involved in integration and installation of navigation equipments at more than 50 different locations all over India.

Vankesh Avionics Technologies became a Division of the Company in October, 2008 and was primarily involved in design and development. However, since the Company's take over, it has been converted into a production unit. Its main thrust areas are harness and loom manufacturing, testing and integration, system integration, design and development of Automatic Test Equipments (ATEs) for ground testing of aircraft and spacecraft sub-systems.

PROSPECTS

Rossell Tea

The season 2010 – 11 commenced with a very large global mismatch of supply and demand due to poor crops in 2009 – 10 in Kenya and Sri Lanka. However in a matter of months the crop situation reversed itself in India, Kenya and Sri Lanka, and by end – March, 2010 world crops were +82.9 million kgs. (+35%). This has to an extent changed the scenario somewhat on the supply side despite reports of a drought in China. Demand thus far has been good and prices overall higher than last year for the orthodox categories, whilst CTCs are marginally lower.

In the immediate term we expect prices to rule firm during June and July, 2010. However as larger quantities come to the market, August, 2010 onwards, quality will determine price levels. Your Company feels the continued emphasis on a quality product could alleviate any negative trends due to larger crops worldwide.

Despite the changed scenario your Directors view the year ahead with cautious optimism.

Aviation Products and Services

Vankesh Avionics Technologies Division is supplying equipments to various Public Sector Undertakings such as Bharat Dyamics Ltd., Bharat Electronics Ltd., Hindustan Aeronautics Ltd, various Defence Research & Development Organisations etc. As stated earlier Aerotech Services already has certain long term agreements in place.

ROSSELL TEA LIMITED

We expect to avail further opportunities that are emerging from the Government of India's Defence offset rules for multinational companies through our avionics related products.

Thus, the overall performance of Aviation Products and Services business segments of the Company is expected to be good in the medium to long term.

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. The sanitation initiative undertaken with UNICEF has been taken to the next level in the year under review.

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 agriculture and good manufacturing practices.

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 hospital with trained staff.
- iii. A sanitation scheme in partnership with UNICEF.
- 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, 2010 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, 2010 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, 2010 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.

ROSSELL TEA LIMITED

DIRECTORS

The terms of appointment of Mr. C. S. Bedi, Managing Director is due to expire on 30th September, 2010. Accordingly, at the Meeting of the Board of Directors held on 26th May, 2010 it was proposed that he be re-appointed for a further period of three years from 1st October, 2010 to 30th September, 2013, subject to your approval in the ensuing Annual General Meeting.

In accordance with the provisions of Article 150 of the Articles of Association of the Company, Mr. H. M. Parekh and Mr. P. L. Agarwal retire at the forthcoming Annual General Meeting, but being eligible offer themselves for re-appointment.

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.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) Industry Structure and Developments

Rossell Tea

The all India production in season 2009 was 979 million kgs., marginally lower than 981 million kgs. produced in 2008. Exports performance was satisfactory at 190 million kgs. as against 196 million kgs. in 2008. This largely stagnant crop profile for India resulted in very tight pipeline stocks and clearly the market was demand led with a supply downside, accentuated further by the drought in north east India.

At the same time world crops began to take a beating with Sri Lanka and Kenya losing heavily in the first quarter of 2009, pulling pressure on global tea trade. The developments in the Indian Tea industry have to be viewed in this light.

From the start of the season markets both for Orthodox and CTC were buoyant. With India now seen as a reliable producer of quality Orthodox, saw strong demand for its Orthodox and prices for this category ruled high through to November 2009. The domestic market which is largely a CTC dominated market also saw good demand and attractive prices.

Lastly conditions world wide were peaceful and conducive for global tea trade. Clearly 2009 was one of the best years and it concluded with a shortage of carryover stock of 32 million kgs. (approximately) into season 2010.

Aviation Products and Services

Over the recent years Govt. has opened the defence sector for private participation. As per the new Defence Procurement Procedure, it has become mandatory that 30% offset work has to be executed in India against all contracts which are awarded to overseas companies and valued above Rs.300 Crores. In higher value contracts, offset / sub contract work share is further enhanced to 50% of the work to be done in India.

Compliance of this offset is a pre requisite for the foreign company, prior to execution of the entire contract. Offsets are likely to be USD 10 billion in the next five years.

There are great opportunities for the private sector to participate in the defence sector.

Due to this emerging opportunity for private participation in Defence, the Company has setup Aerotech Services and acquired Vankesh Avionics Technologies now a division of Company and Sigma Microsystems Private Limited, a subsidiary of the Company.

Future plans are to enhance the business in all sectors, by increasing customer base as well as by increasing the number of long term support service contracts.

ROSSELL TEA LIMITED

(b) Opportunities and Threats

Rossell Tea

In the medium term, world crops have largely been stagnant and in 2009, they were lower with both Kenya and Sri Lanka losing crops heavily, especially in the first half of 2009. Whilst this shortfall is likely to be made up in 2010, overall, with practically no additional land coming under cultivation of tea, the market will continue to be demand led. This optimistic conclusion could be threatened by a large production of poor teas and this has to be avoided. Clearly the industry's prosperity is linked to production of quality teas. This year is likely to see a large price concertina between good / best categories and medium and plain ones.

Your Company has continued to maintain its thrust on a quality product and whilst this has afforded recognition to Rossell Tea internationally, it has also upped the brand equity of the Company.

With consumption of Tea increasing worldwide there is need to position Tea as a youthful and healthy beverage. With the Indian economy growing robustly there is an opportunity for value addition and thereby offer sophisticated choices to the consumer.

Tea is an agricultural crop and is therefore dependent on good growing conditions. Climate change and general vagaries of nature do impact production and these factors are largely not in our control. Nonetheless effects of droughts, hail and floods can be minimized by adherence to good agricultural practices.

Aviation Products and Services

The opportunities in this business are immense and will further grow in the next decade. The Government of India is encouraging Indian companies to participate vigorously so as to reduce the dependence on foreign manufacturers. OEMs have to depend to local Indian companies to support them in the discharge of their offset work as well as main contractual obligations. Due to the offset work that is mandatory to be done in India, there is tremendous opportunity.

There are risks in dealing with Public Sector Undertakings in view of procedural delays involved.

(c) Segment wise Business Performance

Rossell Tea

Despite the world wide recession we continued through the year to be export focused. The thrust has been to exploit existing markets and create new ones, with the ultimate aim of diversifying and enlarging our export market.

We are pleased to report that inspite of lower offerings to Germany largely on account of lower crops earlier in the season; we were able to export a larger volume during the year under review. The export for the year was 4.27 lac kgs. which was 10.02% of our total sales as against 3.62 lac kgs. in 2008 – 09, which represented 8.65% of the sales. The turnover from exports in 2009 – 10 was Rs.1,005 lacs as against Rs.824 lacs in 2008 – 09.

Aviation Products and Services

The Aviation business has contributed towards the overall profitability of the company.

The total revenue increased from Rs.400.22 lacs in 2008-09 to Rs.857.16 lacs in 2009-10 and the profit before interest and tax increased substantially from Rs.87.54 lacs in 2008-09 to Rs.446.74 lacs in 2009-10.

(d) Outlook

Rossell Tea

The current world crop scenario in 2010 as compared to the same period last year has turned around in as much, whilst India, Kenya and Sri Lanka in 2009 were lower than 2008 by 72 million kgs. for the period January – April this year, these three countries are 82.9 million kgs. ahead. This represents a restoration

ROSSELL TEA LIMITED

in parity of crops in these countries.

Dynamically we can conclude that whilst last year the market was largely demand led, this year with largely satisfactory stocks worldwide, the market could easily be quality led.

The Indian CTC market which still has a significant pipeline shortage is likely to be strong but given Kenya's strong cropping pattern, quality will have to be a priority.

In the Orthodox category, given the Indian performance in 2009, a larger production of Orthodox is expected to be produced. This will help balance the product-mix and yet leave sufficient quantity for exports, which need to be consistently around 200 million kgs. in the medium term.

We have continued to follow a quality oriented path and in this direction there will be no change and where possible only improvement.

Aviation Products and Services

Aerotech Services Division has signed long term agreements with multi national companies for providing product support services for their equipments fitted on various aircrafts, helicopters and ships in India. It is also involved in integration and installation of navigation equipments at more than 50 different locations all over India. Hence for the forthcoming year the outlook is good.

In addition, we expect to further add to the number of agreements signed, and to substantially improve on the order intake. We expect to enhance the business for both services and production. Thus, outlook in the coming years is positive.

(e) Risk and Concerns

Rossell Tea

Tea is an agricultural crop, and weather conditions significantly impact production one way or the other, as a result weather plays a major role in market trends through an interplay of demand and supply dynamics which ultimately determine pricing to a large extent. The outlook in the medium term is buoyant.

Currently the recent economic crisis in Europe has seen the Euro weakening and transactions could be less remunerative than last year when the Euro was strong vis-à-vis the Indian Rupee. This can be made up to an extent through larger exports to other countries.

A significant part of our exports are to Iran where demand for our teas is growing. However in Iran currently the political situation could invite sanctions from the international community. However we follow very conservative policies whilst exporting and hence the risks involved are minimized to a very large extent. Overall there is a greater need to develop new markets.

Aviation Products and Services

The 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.2,202.00 lacs against Rs.1,048.52 lacs of previous year.

The Aviation Products and Services business segment of the Company contributed Rs.461.26 lacs to the

ROSSELL TEA LIMITED

operating profit before depreciation, as against Rs.94.77 lacs in the previous year.

The operating profit before depreciation for the Company is Rs.2,663.26 lacs as against Rs.1,143.29 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 4,600 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 : 26th May, 2010

H. M. Gupta
Executive Chairman

ROSSELL TEA LIMITED

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, 2010

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 bringing 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

	Year ended 31st March, 2010	Year ended 31st March, 2009
A. Power & Fuel Consumption :		
1. Electricity		
a) Purchased		
Units (Kwh)	18,57,281	17,35,666
Total Amount (Rs.)	1,37,88,206	1,27,19,530
Rate/Unit (Rs.)	7.42	7.33
b) Own Generation		
i) Through Diesel Generator		
Units (Kwh)	6,50,621	4,96,833
Unit/Ltr. of Diesel Oil	2.70	2.60
Fuel Cost/Unit (Rs.)	12.52	12.82
ii) Through Natural Gas Generator		
Units (Kwh)	10,12,987	9,80,046
Total Cost of Gas Consumed (Rs.)	16,96,390	12,83,666
Fuel Cost/ Unit (Rs.)	1.67	1.31
2. Natural Gas		
Quantity (Scm)	21,36,488	20,94,945
Total Cost (Rs.)	67,49,778	73,29,265
Average Rate/Unit (Rs.)	3.16	3.50
3. Furnace Oil		
Quantity (Ltr)	18,155	23,043
Total Amount (Rs.)	6,55,032	6,83,885
Average Rate/Unit (Rs.)	36.08	29.68
4. Coal (Coke/Rom) for Tea Processing		
Quantity (MT)	2,047.24	1,913.52
Total Cost (Rs.)	84,61,997	66,52,099
Average Rate/Unit (Rs.)	4,133	3,476

ROSSELL TEA LIMITED

B. Consumption per Unit of Production :

Production - Tea (Gross) Kgs.	43,78,073	42,55,020
Electricity (Kwh)	0.80	0.76
Natural Gas (Scm)	0.77	0.77
Furnace Oil (Ltr.)	0.01	0.01
Coal (Coke/Rom) (Kgs.)	1.28	1.24

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.5.06 lacs (2009-Rs. 5.00 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 7.5 in Schedule 18 to the Accounts.

The foreign exchange outgo is given in Notes 7.4 to 7.6 and 8 in Schedule 18 to the Accounts.

For and on behalf of the Board

Place : Kolkata
Date : 26th May, 2010

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, 2010.

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	56	1st May, 1996	Executive Chairman	1,12,85,766	B. A. (Hons)	BMG Enterprises Limited - Chairman & Managing Director (still continuing)	35
C. S. Bedi	63	1st July, 1994	Managing Director	25,04,226	B.A. (Hons)	Jardine Henderson Limited - Senior Manager Operations	42

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. Neither Mr. H. M. Gupta nor Mr. C. S. Bedi is a relative of any of the Directors.

For and on behalf of the Board

Place : Kolkata
Date : 26th May, 2010

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 Mr. H.M. Gupta, Executive Chairman 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, 2010 are given below:-

Director	Category	No. of Companies		
		Member of Board	Board Committees #	
			Chairman	Member
Mr. H.M. Gupta	Executive Chairman	8	-	-
Dr. S.S. Bajjal	Non-Executive-Independent	8	4	9
Mr. H.M. Parekh	Non-Executive-Independent	12	3	11
Mr. P.L. Agarwal	Non-Executive-Independent	9	2	5
Mr. V. P. Agarwal	Non-Executive-Independent	5	-	3
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 30.04.2009, 12.05.2009, 11.06.2009, 31.07.2009, 28.10.2009, 29.12.2009 and 28.01.2010.

The last AGM was held on 31.07.2009.

Details of attendance:

Director	No. of Board Meetings Attended	Whether attended Last AGM
Mr. H.M. Gupta	6	Yes
Dr. S.S. Bajjal	3	Yes
Mr. H.M. Parekh	6	Yes
Mr. P.L. Agarwal	4	No
Mr. R. N. Deogun *	3	Yes
Mr. V. P. Agarwal	4	Yes
Mr. C.S. Bedi	6	Yes

* Retired at the close of business on 31st July, 2009.

ROSSELL TEA LIMITED

3. Audit Committee:

The Audit Committee consists of 3 Non-Executive Independent Directors. The Committee has been meeting as and when required and at least 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, 5 Meetings of the Audit Committee were held on 30.04.2009, 11.06.2009, 31.07.2009, 28.10.2009 and 28.01.2010.

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

Name	No. of Audit Committee Meetings Attended
Dr. S.S. Bajjal, Chairman	2
Mr. H.M. Parekh	5
Mr. R. N. Deogun *	3
Mr. V. P. Agarwal	3

* Retired at the close of business on 31st July, 2009.

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 / Wholtime Director of the Company.

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During the year under review, only one Meeting of the Remuneration Committee was held on 30th April, 2009.

Remuneration as per Terms of Service paid to Managing Directors during the year 2009-2010:

Name of Directors	Salary	Commission	Contribution to P.F. and other Funds	Rs.	
				Value of Perquisites	Total
Mr. H.M. Gupta, Executive Chairman	15,85,000	83,66,240	4,95,450	8,39,076	1,12,85,766
Mr. C.S. Bedi, Managing Director	13,80,000	—	4,30,100	6,94,126	25,04,226

- 1) Mr. H.M. Gupta :
 Service contract : 01.05.2009 to 30.04.2012
 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

* Renewal proposed for another 3 years.

Sitting Fees paid to the Non-Executive Directors during the year 2009-2010 and their shareholding in the Company are as under:

Rs.				
Non-Executive Directors	Board Fees	Committee Fees	Total	No. of Shares held
Dr. S.S. Bajjal	13,000	6,500	19,500	1,500
Mr. H.M. Parekh	29,000	28,500	57,500	-
Mr. P.L. Agarwal	19,000	2,000	21,000	-
Mr. R.N. Deoqun	14,000	7,000	21,000	1,500
Mr. V. P. Agarwal	19,000	7,500	26,500	-

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 7 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 26th May, 2010	Nil

Name and designation of Compliance Officer:

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

ROSSELL TEA LIMITED

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

6. General Body Meetings:

Location and time where last three AGMs were held:

Date	Location	Time
19.09.2007	Kala Kunj 48, Shakespeare Sarani, Kolkata-700 017	3.00 p.m.
28.07.2008	-Do-	3.00 p.m.
31.07.2009	-Do-	4.00 p.m.

No resolution was passed with the use of Postal Ballots in the last Annual 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 28th July, 2008:- 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; 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) with effect from 1st January 2008 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.
- b) In the Annual General Meeting held on 31st July, 2009:- Approval of the Members obtained i) under Sections 198, 269, 309 and 310 of the Companies Act, 1956 for re-appointment of Mr. H. M. Gupta, as Executive Chairman for a period of three years from 1st May, 2009 to 30th April, 2012 and ii) under Section 314 and other application provisions of the Companies Act, 1956 for appointment of Mr. Rishab Mohan Gupta as General Manager (Projects) with effect from 1st August, 2009, subject to approval of the Central Government.

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 10 of Schedule 18 forming part of the Accounts for the year ended 31st March, 2010.

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 certifying, inter alia, the authenticity of the Financial Statements and Cash Flow Statement for the year ended 31st March, 2010. 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.

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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 and/or The Economics Times (English) (all editions) and Aajkal (Bengali) (Kolkata).
- b) Company's Website: **www.rosselltea.com**. Results are also sent to the Stock Exchanges for display on their Websites.

Company's E-mail address: **corporate@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:**
29th July, 2010 at 3.30 P.M.

Gyan Manch, 11, Pretoria Street, Kolkata-700 071

- (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, 2009	On 31.07.2009
2nd quarter ended 30th September, 2009	On 28.10.2009
1st Half: April – September	On 28.10.2009
3rd quarter ended 31st December, 2009	On 28.01.2010
Final Audited Results for the Year including for the 4th quarter ended 31st March, 2010	On 26.05.2010

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

26th July, 2010 to 29th July, 2010 (both days inclusive)

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

The Company's securities are listed at:

1. Bombay Stock Exchange Ltd., *
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001
2. The Calcutta Stock Exchange Ltd.,
7, Lyons Range, Kolkata-700 001
3. The Gauhati Stock Exchange Ltd.,
2nd Floor, Shine Towers, S. J. Road, Arya Chowk,
Rehabari, Guwahati-781 008

ROSSELL TEA LIMITED

* The Equity Shares of the Company were listed on the Bombay Stock Exchange w.e.f. 16th March, 2010. Listing Fees as prescribed, have been paid to all the aforesaid Stock Exchanges upto the Financial Year 2010-2011 except Gauhati Stock Exchange. The fees for Gauhati Stock Exchange would be paid shortly.

Scrip Code:

Stock Exchange	Scrip Code
Bombay Stock Exchange Ltd.,	533168
The Calcutta Stock Exchange Ltd.	10028199
The Gauhati Stock Exchange Ltd.	GGL

(f) Stock Price Data:

There was no transaction of the Equity Shares of the Company at The Calcutta Stock Exchange Limited and The Gauhati Stock Exchange Limited during the year ended 31st March, 2010. The last trading took place on The Calcutta Stock Exchange on 26th February, 2003.

The Company's Equity Shares were admitted for Listing on Bombay Stock Exchange Limited on 16th March, 2010 and the performance indicator of Company's Equity Shares are highlighted below:

High Price upto 31st March, 2010 Rs.139.55

Low Price upto 31st March, 2010 Rs. 50.00

The last traded price at the Bombay Stock Exchange on 25th May, 2010 was Rs.272.45 with highest price after 31st March, 2010 in the intervening period on 4th May, 2010 was Rs.407.15.

(g) 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.

(h) 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.

(i) Dematerialization of Shares:

As on 31st March, 2010, 67,11,977 Nos. of Equity Shares, representing 91.4526% of the Equity Capital have been dematerialised.

(j) (i) Distribution of shareholding as on 31st March, 2010

Range (No. of shares)	No. of Shareholders	%	No. of Shares held	%
1 to 500	5,720	99.19	2,44,856	3.34
501 to 1000	12	0.21	8,270	0.11
1001 to 2000	6	0.10	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	70,10,683	95.52
TOTAL	5,767	100.00	73,39,295	100.00

ROSSELL TEA LIMITED

(ii) Shareholding pattern as at 31st March, 2010

Category	No. of Shareholders	No. of Shares held	% to Equity Share Capital
Foreign Companies	1	1,10,000	1.50
Non-Resident Individuals	10	301	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	6	7,48,457	10.20
Resident Individuals	5,651	6,02,654	8.21
Nationalized Banks	4	18,090	0.25
Other Bodies Corporate	79	47,74,618	65.05
Total	5,767	73,39,295	100.00

* FI includes Insurance Company and other Banks.

(k) 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:

Dist. Dibrugarh
Dikom, Romai

Dist. Tinsukia
Nokhroy

Dist. Nalbari
Nagrijuli

Dist. Golaghat
Bokakhat

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

(l) Address for correspondence:

Registrars and Share Transfer Agents including Depository Registrar

CB Management Services Private Limited,
P-22, Bondel Road, Kolkata-700 019
Tel: (033) 40116700 / 40116711 / 40116718 / 40116720
Fax: (033) 2287-0263 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 : 26th May, 2010

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, 2010 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
(Registration No. 302034E)

Place: Kolkata
Date: 26th May, 2010

R.K. Roy Chaudhury
Partner
Membership No.8816

Declaration

It is hereby declared that the Company has obtained affirmation 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 for the year 2009-2010 and shall comply with such Code during the year 2010-2011.

Place: Kolkata
Date: 26th May, 2010

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, 2010 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: 26th May, 2010

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, 2010, 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, 2010 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 superannuation for the transition period pending funding to the tune of Rs.53.50 lacs. (Refer Note No.13/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, 2010 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, 2010,
 - (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 (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's 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.
 - (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

ROSSELL TEA LIMITED

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 during the year 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.167.90 lacs has been granted and the year end balance of the said loan is also Rs.258.00 lacs. The maximum amount due at any time during the year in respect of said loan amounts to Rs.258.00 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 quarterly 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.1,168.95 lacs and the maximum amount involved during the year was Rs.1,322.25 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, the particulars of contract or arrangement referred to in Section 301 of the Companies Act, 1956 have been so entered in the Register maintained under that section.
- (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 within the meaning of Section 58A and Section 58AA of the Companies Act, 1956 and the Rules framed thereunder.
- 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) According to the information and explanation given to us and on the basis of records of the Company examined by us, we are of the opinion that the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, 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

ROSSELL TEA LIMITED

of more than 6 months from the date they became payable.

- (b) According to the information and explanation given and records examined by us, there are no dues of 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:
1. Appeal 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.
 2. Revision application before the Commissioner of Taxes, Assam for Rs.474.78 lacs on account of rejection of 'F' Forms furnished under Central Sales Tax, 1956 in respect of the year 2003-2004.
- 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. According to the information and explanations given and on the basis of records examined by us, we are of the opinion that 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.
- xiii. In our opinion, the Company is not a chit fund or a *nidhi* / mutual benefit fund/society. Therefore, provisions of special statute applicable to chit fund or a *nidhi* or mutual benefit fund / society are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv. The Company has given guarantee for non-fund based facilities provided to a Subsidiary Company by a Bank. Terms and conditions of such guarantee prima facie are not prejudicial to the interest of the Company.
- xvi. According to information and explanations given to us and on overall basis, in our opinion the term loans taken have been applied for the purpose for which they were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. During the year no preferential allotment of shares has been made by the Company to parties / companies contained in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. During the period covered by our audit, the Company has not issued any debentures.
- xx. The Company has not raised money by Public Issue during the year.
- xxi. During the course of examination of the books and records of the Company, carried out in accordance with the generally accepted practices and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor we have been informed of any such case by the management.

For S.S. Kothari & Co.,
Chartered Accountants
(Registration No. 302034E)

Place : Kolkata
Date : 26th May, 2010

R.K. Roy Chaudhury
Partner
Membership No. 8816

ROSSELL TEA LIMITED

Balance Sheet as at 31st March, 2010

	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	1	7,33,92,950	7,33,92,950
Reserves & Surplus	2	1,26,73,78,006	1,09,45,97,846
		<u>1,34,07,70,956</u>	<u>1,16,79,90,796</u>
Loan Funds			
Secured Loans	3	15,28,81,421	16,51,65,135
Unsecured Loans	4	11,84,31,086	4,99,31,981
		<u>27,13,12,507</u>	<u>21,50,97,116</u>
Deferred Tax Liability (Net)		47,00,000	-
T O T A L		1,61,67,83,463	1,38,30,87,912
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1,24,51,53,856	1,18,88,03,271
Less: Depreciation		12,73,60,793	10,78,27,627
Net Block		<u>1,11,77,93,063</u>	<u>1,08,09,75,644</u>
Capital Work-in-Progress		69,26,532	50,43,987
		<u>1,12,47,19,595</u>	<u>1,08,60,19,631</u>
Investments	6	34,81,61,614	22,73,51,601
Deferred Tax Asset		-	21,00,000
Current Assets, Loans and Advances			
Inventories	7	2,41,37,277	2,13,98,475
Sundry Debtors	8	40,36,645	54,51,675
Cash and Bank Balances	9	7,16,30,242	79,48,209
Other Current Assets	10	2,30,15,662	1,69,22,887
Loans and Advances	11	12,13,63,212	10,36,90,739
		<u>24,41,83,038</u>	<u>15,54,11,985</u>
Less: Current Liabilities and Provisions			
Current Liabilities	12	8,68,08,382	6,95,13,126
Provisions	13	1,34,72,402	1,82,82,179
		<u>10,02,80,784</u>	<u>8,77,95,305</u>
Net Current Assets		14,39,02,254	6,76,16,680
T O T A L		1,61,67,83,463	1,38,30,87,912
Notes on 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: 26th May, 2010

H. M. Gupta
Executive Chairman

C.S.Bedi
Managing Director

Dr. S. S. Bajjal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

ROSSELL TEA LIMITED

Profit and Loss Account for the year ended 31st March, 2010

	<u>Schedule</u>	<u>Rs.</u>	<u>2009-2010</u> <u>Rs.</u>	<u>2008-2009</u> <u>Rs.</u>
INCOME				
Sales			68,20,43,010	53,79,95,644
Receipts for Technical and Support Services			8,25,98,240	3,71,82,199
Other Income	14		2,20,64,687	2,09,54,429
			<u>78,67,05,937</u>	<u>59,61,32,272</u>
EXPENDITURE				
(Increase)/Decrease in Stock	15		(48,23,580)	1,86,557
Expenses	16		50,24,92,210	46,06,63,428
Interest	17		2,27,10,919	2,09,53,520
Depreciation		1,95,73,012		
Less: Depreciation on amount added on revaluation (Note 2)		<u>31,55,848</u>	1,64,17,164	1,36,61,357
			<u>53,67,96,713</u>	<u>49,54,64,862</u>
PROFIT BEFORE TAXATION			24,99,09,224	10,06,67,410
Fringe Benefit Tax			-	12,50,000
Provision for Current Taxation			5,00,00,000	1,85,00,000
Deferred Taxation Adjustment (Note 11)			68,00,000	1,13,00,000
PROFIT AFTER TAXATION			19,31,09,224	6,96,17,410
Balance brought forward			2,14,75,164	3,56,76,667
Transfer from Exchange rate Variation Reserve			-	90,61,000
PROFIT AVAILABLE FOR APPROPRIATION			<u>21,45,84,388</u>	<u>11,43,55,077</u>
APPROPRIATION				
Transfer to General Reserve			15,00,00,000	8,00,00,000
Dividend on Equity Shares				
Interim Paid		73,39,295		
Final Proposed		<u>73,39,295</u>	1,46,78,590	1,10,08,943
Tax on Dividend			24,94,626	18,70,970
Balance carried forward			4,74,11,172	2,14,75,164
			<u>21,45,84,388</u>	<u>11,43,55,077</u>
Earnings per Equity Share (Basic and Diluted)			26.31	10.48

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

H. M. Gupta
Executive Chairman

Dr. S. S. Bajjal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

Place: Kolkata
Date: 26th May 2010

C.S.Bedi
Managing Director

ROSSELL TEA LIMITED

Schedules to the Balance Sheet

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE 1		
CAPITAL		
Authorised		
90,00,000 (2009 - 90,00,000) Equity Shares of Rs.10 each	9,00,00,000	9,00,00,000
Issued and Subscribed		
73,39,295 (2009 - 73,39,295) Equity Shares of Rs. 10 each fully paid up	7,33,92,950	7,33,92,950
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. Of the above 46,52,509 (2009-46,52,509) Equity Shares are held by BMG Enterprises Ltd., the Holding Company.		
SCHEDULE 2		
RESERVES AND SURPLUS		
Securities Premium Account		
Balance as per last Account	26,09,54,823	16,87,04,823
Add: Received during the year	-	9,22,50,000
	26,09,54,823	26,09,54,823
Capital Reserve		
Balance as per last Account	2,25,45,443	2,25,45,443
Revaluation Reserve		
Balance as per last account	53,31,20,237	53,65,54,617
Less: Withdrawal on account of depreciation on incremental amounts upon revaluation (Note 2)	31,55,848	34,34,380
	52,99,64,389	53,31,20,237
General Reserve		
Balance as per last Account	25,65,02,179	17,65,02,179
Add: Transfer from Profit and Loss Account	15,00,00,000	8,00,00,000
	40,65,02,179	25,65,02,179
Exchange Rate Variation Reserve		
Balance as per last Account	-	90,61,000
Add: Transfer from Profit and Loss Account	-	-
	-	90,61,000
Less: Transfer to Profit and Loss Account	-	90,61,000
	-	-
Surplus in Profit and Loss Account	4,74,11,172	2,14,75,164
	1,26,73,78,006	1,09,45,97,846

ROSSELL TEA LIMITED

SCHEDULE 3	As at 31.03.2010	As at 31.03.2009
SECURED LOANS	Rs.	Rs.
From Banks		
Foreign Currency Term Loan		
External Commercial Borrowing from		
The Bank of Beirut (U.K.) Ltd. [Secured by equitable mortgage of Dikom T.E. pari passu with State Bank of India]	4,51,40,000	5,09,50,000
Rupee Term Loan		
Term Loan from HDFC Bank Ltd. [Secured by hypothecation of tea crop and movable assets of Nokhroy, Nagrijuli and Romai T.Es.and collaterally secured by equitable mortgage of Nokhroy T.E. and Romai T.E.]	9,00,00,000	5,00,00,000
Term Loan from Development Credit Bank Ltd. [Secured by subservient charge on the Current Assets of the Company and Corporate Guarantee of BMG Enterprises Ltd., the Holding Company]	–	3,00,00,000
Car Loan from HDFC Bank Ltd. [Secured by hypothecation of Motor Cars financed by them]	41,22,097	26,97,796
Cash Credit Accounts		
HDFC Bank Ltd. [Secured by hypothecation of tea crop and movable assets of Nokhroy, Nagrijuli and Romai T.Es.and collaterally secured by equitable mortgage of Nokhroy T.E. and Romai T.E.]	41,34,230	1,32,20,329
State Bank Of India [Secured by hypothecation of tea crop and movable assets of Dikom and Romai T.Es. and collaterally secured by equitable mortgage of Dikom T.E. pari passu with The Bank of Beirut (U.K.) Ltd.]	71,11,982	1,02,82,957
IndusInd Bank Limited [Secured by hypothecation of tea crop and movable assets of Bokakhat T.E.and collaterally secured by equitable mortgage of Bokakhat T.E. pari passu with The Bank of Beirut (U.K.) Ltd.]	–	80,14,053
Axis Bank Limited [Secured by hypothecation of tea crop and movable assets of Bokakhat T.E. and collaterally secured by equitable mortgage of Bokakhat T. E.]	23,73,112	–
	15,28,81,421	16,51,65,135
SCHEDULE 4		
UNSECURED LOANS		
Intercorporate Deposits	3,92,60,307	2,59,35,307
Loan from Managing Director (Executive Chairman)	7,76,35,000	2,29,50,000
Interest accrued and due thereon	15,35,779	10,46,674
	11,84,31,086	4,99,31,981

ROSSELL TEA LIMITED

SCHEDULE -5

FIXED ASSETS

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	Cost/Revalued As at 31.03.2009	Additions During the Year	Disposal During the Year	Cost/Revalued As at 31.03.2010	As at 31.03.2009	Additions for the / Year during the Year	Written back Adjustments	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land and Planted Teas	66,53,92,509	2,06,743	-	66,55,99,252	-	-	-	66,55,99,252	66,53,92,509
Buildings	28,48,18,875	1,02,87,423	-	29,51,06,298	2,25,22,581	57,57,972	-	2,82,80,553	26,68,25,745
Plant and Machinery	19,10,39,609	2,53,39,499	4,83,260	21,58,95,848	6,52,42,948	84,95,296	-	7,37,38,244	14,21,57,604
Furniture and Fittings	96,75,424	66,24,726	-	1,63,00,150	50,38,804	9,24,605	-	59,63,409	1,03,36,741
Vehicles	2,78,27,206	93,99,968	-	3,72,27,174	1,06,78,537	32,77,341	-	1,39,55,878	2,32,71,296
Office and Other Equipments	1,00,49,648	50,90,056	1,14,570	1,50,25,134	43,44,757	11,17,798	39,846	54,22,709	96,02,425
Total	1,18,88,03,271	5,69,48,415	5,97,830	1,24,51,53,866	10,78,27,627	1,95,73,012	39,846	12,73,60,793	1,11,77,93,063
Previous Year	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	1,08,09,75,644

Note : Disposal during the year under Plant and Machinery represents Rs. 4,83,260 received from Tea Board towards subsidy against Fixed Assets added during earlier years

ROSSELL TEA LIMITED

SCHEDULE 6	As at 31.03.2010	As at 31.03.2009
INVESTMENTS	Rs.	Rs.
At Cost	Rs.	Rs.
Long Term Investments		
Trade Investments: Unquoted		
In Shares, Debentures or Bonds		
Sigma Microsystems Private Limited (Subsidiary Company) 5,62,500 (2009 -5,62,500) Equity Shares of Rs. 10 each fully paid up	2,25,56,251	2,25,56,251
Rossell Aviation Private Limited (Subsidiary Company) 10,000(2009 -10,000) Equity Shares of Rs. 10 each fully paid up	1,00,250	1,00,250
50,000 (2009- 50,000) Equity Shares of Rs.10 each fully paid up of Assam Hospitals Limited	5,00,000	5,00,000
99,962 (2009- 83,305) Equity Shares of Rs.1 each fully paid up of Celsia Hotels Private Limited	15,01,27,962	12,50,00,805
14,44,500 (2009- 19,26,000) Equity Shares of Rs.1 each fully paid up of PSK Resorts & Hotels Private Limited	3,90,01,500	5,20,02,000
8,40,150 (2009- Nil) Equity Shares of Rs. 1 each fully paid up of Hyacinth Hotels Private Limited	8,40,15,000	-
3,60,907 (2009-100) Equity Shares of Singapore\$ 1 each fully paid up of RV Enterprizes Pte. Ltd.	1,20,01,177	3,355
4,00,000 (2009-Nil) Non-Cumulative Redeemable Preference Shares of US Dollar 1 each fully paid up of RV Enterprizes Pte. Ltd.	1,83,48,000	-
Other Investments: Unquoted		
In Shares, Debentures or Bonds		
500 (2009-500) 5.50% Non-Convertible Redeemable Taxable Bonds Series of Rs. 10,000 each of Rural Electrification Corporation Ltd.	50,00,000	50,00,000
In Units		
Face value Rs.10 each		
Nil (2009-2,75,909) Kotak Floater Short Term (G)	-	39,66,331
1,50,000(2009-1,50,000) Sundaram BNP Paribas Energy Opportunities Fund- Dividend	15,00,000	15,00,000
Other Investments: Quoted		
In Shares, Debentures or Bonds		
Fully Paid Equity Shares of Rs.10 each		
13,840 (2009- 13,840) Mysore Petro Chemicals Limited	7,49,793	7,49,793
1,844 (2009-2,878) HDFC Bank Ltd.	29,28,327	45,70,348
1,250 (2009-8,504) ICICI Bank Ltd.	9,39,024	23,41,686
7,000 (2009-9,000) Power Grid Corporation of India Ltd.	9,04,890	11,63,408
2,000 (2009-6,765) Infrastructure Development Finance Co. Ltd.	2,76,272	7,45,985
5,472 (2009-4,500) NTPC Ltd.	12,58,701	10,46,294
100 (2009-175) State Bank of India	1,67,137	2,92,490
Nil (2009-79) Tata Power Ltd.	-	48,121
849 (2009-Nil) CESC Ltd.	2,75,883	-
552 (2009-1,544) Gujrat Narmada Fertiliser Ltd.	82,999	2,32,160

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	As at 31.03.2010	As at 31.03.2009
	<u>Rs.</u>	<u>Rs.</u>
238 (2009-655) Rallis India Ltd.	98,808	2,71,930
Nil (2009-502) Reliance Capital Ltd.	-	1,56,652
800 (2009-148) Bharti Airtel Ltd.	3,38,296	82,153
Nil (2009-1,590) Cairn India Ltd.	-	2,51,171
3,309 (2009-Nil) PTC India Ltd.	3,42,496	-
221 (2009-Nil) United Spirits Ltd.	1,93,829	-
390 (2009-Nil) Aditya Birla Nuvo Ltd.	3,48,271	-
181 (2009-Nil) GAIL (India) Ltd.	56,894	-
1,000 (2009-Nil) Indian Oil Corporation Ltd.	2,90,695	-
180 (2009-Nil) Oil & Natural Gas Corporation Ltd.	1,98,209	-
Fully Paid Equity Shares of Rs. 5 each		
2,138 (2009-2,138) Network 18 Media & Investments Ltd.	7,10,792	7,10,792
Fully Paid Equity Shares of Rs. 2 each		
7,500 (2009-5,000) GMR Infrastructure Ltd.	6,73,200	8,97,642
4,500 (2009-3,500) Jaiprakash Associates Ltd.	10,26,540	11,97,616
1,200 (2009-1,460) Larsen & Toubro Ltd.	18,36,456	22,34,354
700 (2009-1,000) Punj Lloyd Ltd.	3,08,077	4,40,106
1,018 (2009-Nil) Pantaloon Retail (India) Ltd.	3,07,652	-
2,546 (2009-Nil) Gujarat Mineral Development Corpn. Ltd.	2,52,008	-
Fully Paid Equity Shares of Rs. 1 each		
Nil (2009-193) Sesa Goa Ltd.	-	14,097
1,476 (2009-Nil) Godrej Industries Ltd.	2,35,930	-
3,131 (2009-Nil) ITC Ltd.	6,24,604	-
5,425 (2009-Nil) Mercator Lines Ltd.	3,09,880	-
	34,88,85,803	22,80,75,790
Less: Provision for diminution in the value of Investments	<u>7,24,189</u>	<u>7,24,189</u>
	34,81,61,614	22,73,51,601
Aggregate Book value (Net of Provisions)		
Quoted Investments	1,57,35,662	1,74,46,798
Unquoted Investments	33,24,25,952	20,99,04,803
	<u>34,81,61,614</u>	<u>22,73,51,601</u>
Market Value of Quoted Investments	1,57,35,959	90,73,289
Shares, Debentures or Bonds purchased and sold during the year :	Numbers	Cost
		Rs.
Fully Paid Equity Shares of Rs.10 each		
ICICI Bank Ltd.	8	6,006
Bharti Airtel Ltd.	1,612	11,03,798
Reliance Capital Ltd.	205	2,07,916
Cairn India Ltd.	19	4,500
United Spirits Ltd.	119	1,02,122
Orchid Chemicals & Pharmaceuticals Ltd.	2,124	2,59,527
Reliance Industries Ltd.	150	3,46,034
Fully Paid Equity Shares of Rs.2 each		
Gujarat Mineral Development Corpn. Ltd.	651	61,699
Indiabulls Real Estate Ltd.	2,266	5,15,437
Suzlon Energy Ltd.	2,198	2,65,010
Fully Paid Equity Shares of Rs.1 each		
Mercator Lines Ltd.	1,000	59,164
Hindalco Industries Ltd.	1,908	1,80,100
Units purchased and redeemed during the year :		
Kotak Floater Short Term (G)	<u>3,41,898</u>	<u>50,06,074</u>

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SCHEDULE 7	As at 31.03.2010	As at 31.03.2009
INVENTORIES	Rs.	Rs.
Stock of Tea at lower of cost and net realisable value	1,03,40,460	72,76,881
Stock of Stores & Spares at or under cost	1,17,71,332	1,39,95,166
Stock of Raw Materials at cost	1,55,485	16,428
Work-in-progress at works cost	18,70,000	1,10,000
	2,41,37,277	2,13,98,475
 SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured , Considered Good		
Debts outstanding for a period exceeding six months	15,77,171	-
Other Debts	24,59,474	54,51,675
	40,36,645	54,51,675
 SCHEDULE 9		
CASH AND BANK BALANCES		
Cash in Hand	9,21,239	2,31,177
Remittance -in- Transit	-	4,61,500
With Scheduled Banks		
on Current Accounts	50,14,715	33,39,468
on EEFC Account in USD	38	22,63,050
on EEFC Account in Euro	6,53,58,642	15,41,573
on EEFC Account in GBP	66,605	-
on Margin Money Account	-	39,824
on Unpaid Dividend Accounts	2,69,003	71,617
	7,16,30,242	79,48,209
 SCHEDULE 10		
OTHER CURRENT ASSETS		
Interest Accrued on Deposits	26,48,532	11,77,335
Other Receivables	2,03,67,130	1,57,45,552
	2,30,15,662	1,69,22,887
 SCHEDULE 11		
LOANS & ADVANCES		
Unsecured , Considered Good		
Advances for Capital Assets	2,44,70,139	2,46,68,287
Intercorporate Deposits	2,58,00,000	3,40,10,000
Advances recoverable in cash or in kind or for value to be received	2,55,95,168	2,51,69,931
Deposits	4,54,97,905	1,98,42,521
	12,13,63,212	10,36,90,739

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SCHEDULE 12	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.
CURRENT LIABILITIES		
Sundry Creditors	1,94,84,684	1,18,26,041
Other Liabilities	6,65,01,521	5,71,71,368
Interest Accrued but not Due	5,53,175	4,44,101
Unpaid Dividend *	2,69,002	71,616
	8,68,08,382	6,95,13,126

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

SCHEDULE 13		
PROVISIONS		
Provision for Taxation (Net)	48,85,794	54,02,266
Proposed Dividend	73,39,295	1,10,08,943
Tax on Dividend	12,47,313	18,70,970
	1,34,72,402	1,82,82,179

Schedules to the Profit and Loss Account

SCHEDULE - 14	Rs.	2009-2010	2008-2009
		Rs.	Rs.
OTHER INCOME			
Interest			
On Intercompany Deposits	30,37,811		16,84,206
[Tax deducted at source Rs.4,05,169 {2009-Rs.1,62,583}]			
On Other Deposits and Bonds	22,08,595		13,90,878
[Tax deducted at source Rs.1,93,360 {2009-Rs.1,62,241}]			
On Income Tax Refund	—	52,46,406	1,11,008
Dividend		1,58,510	2,54,101
Gain on Exchange (Net)		2,57,217	—
Subsidy -Replanting		9,88,706	16,69,844
Tea Board Orthodox Subsidy Scheme		87,13,732	1,02,20,435
Sale of DEPB Licence		55,84,095	29,40,437
Sundry Receipts		11,16,021	10,58,053
Liabilities no longer required written back		—	16,25,467
		2,20,64,687	2,09,54,429

SCHEDULE - 15		
(INCREASE)/DECREASE IN STOCK		
Opening Stock Of Tea/Work-in-Progress	73,86,880	75,73,438
Less:Closing Stock Of Tea/Work-in-Progress	1,22,10,460	73,86,881
	(48,23,580)	1,86,557

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SCHEDULE - 16

	2009-2010	2008-2009
	<u>Rs.</u>	<u>Rs.</u>
EXPENSES		
Payment and benefits to employees		
Salaries,Wages and Bonus	19,72,71,393	17,07,82,035
Contribution to Provident and other Funds	2,98,76,006	2,32,12,920
Workmen and Staff Welfare	2,76,78,764	2,78,56,081
	<u>25,48,26,163</u>	<u>22,18,51,036</u>
Other Expenses		
Consumption of Stores and Spare Parts	7,18,89,450	6,51,59,139
Purchase of Green Leaf	14,31,493	6,25,005
Consumption of Raw Materials	8,03,857	11,15,070
Power and Fuel	4,49,06,631	3,95,43,666
Tea Cess	13,38,992	13,05,766
Cess on Green Leaf	59,58,246	57,41,347
Rent (Note 6.4)	77,98,120	28,67,811
Rates and Taxes	11,59,841	10,61,654
Repairs to Building	1,75,48,028	1,45,60,739
Repairs to Machinery	1,34,35,606	1,09,57,544
Other Repairs and Maintenance	35,01,429	32,78,096
Vehicles Maintenance	43,56,256	46,29,519
Transportation	1,12,30,633	1,26,47,202
Shipment Charges	15,48,231	33,16,040
Warehousing and Selling Expenses	1,08,62,254	90,24,094
Brokerage	51,21,521	38,78,665
Commission on Sales	38,24,729	23,07,603
Insurance	12,98,313	11,46,572
Directors' Fee and Commission	6,45,500	2,66,000
Auditors' Remuneration	3,12,840	2,48,102
Travelling and Conveyance	1,15,19,119	89,27,828
Miscellaneous Expenses	2,58,00,579	2,49,38,230
Loss on Exchange (Net)	-	1,21,26,759
Loss on Sale of Investments	13,23,099	79,67,095
Loss on Disposal of Fixed Asset (Net)	51,280	11,72,846
	<u>24,76,66,047</u>	<u>23,88,12,392</u>
	<u>50,24,92,210</u>	<u>46,06,63,428</u>

SCHEDULE - 17

INTEREST		
On Bank Overdraft	31,71,860	60,76,908
On Term Loans to Banks	98,51,357	71,35,508
On Intercompany Deposits	49,75,819	57,14,995
On Unsecured Loan from Managing Director (Executive Chairman)	57,32,282	39,13,793
	<u>2,37,31,318</u>	<u>2,28,41,204</u>
Less: Interest Subsidy	10,20,399	18,87,684
	<u>2,27,10,919</u>	<u>2,09,53,520</u>

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SCHEDULE 18

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

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. Provision is made in case of permanent diminution in value of Investments.

Profit and Loss on sale of investments are recognized 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 costs.

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

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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.

- 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.

1.7 Borrowing Cost

Borrowing cost is 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 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 receivable on this account is adjusted with expense for the year, in which the claim of the Company for such subsidy gets admitted.

1.8 Revenue Recognition

Items of income and expenditure are recognized on accrual and prudent basis.

1.9 Sales

Sales represent the invoice value of finished goods supplied, net of Sales Tax/Value Added Tax and inclusive of insurance claims received for damage/shortage of finished goods.

1.10 Replanting Subsidy

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

1.11 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.

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 then current cost basis and adjusted for depreciation element as applicable. The resultant increase in net book value on such revaluation amounting to Rs. 53,65,54,617 was added to cost with corresponding credit to Revaluation Reserve as at 31st March, 2008, as under:

	Rs.
1. Plantations	31,50,99,780
2. Buildings	17,11,26,644
3. Plant and Machinery	<u>5,03,28,193</u>
Total:	<u>53,65,54,617</u>

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

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and withdrawn from Revaluation Reserve amounting to Rs. 31,55,848 during the year. (Schedule 2).

- 3.1.** Estimated amount of contracts remaining to be executed on Capital Account and not provided (net of advance) for **Rs.2,42,52,000** (2009 - Rs.2,34,34,000).
- 3.2** Estimated amount of Contingent Liabilities not provided for in respect of **(a)** West Bengal Sales Tax and Central Sales Tax (West Bengal) – **Rs.15,75,867** (2009- 15,75,867) **(b)** Central Sales Tax (Assam) – **Rs. 4,74,78,644** (2009- Nil) **(c)** Income Tax **Rs.18,25,850** (2009-Nil).
- 3.3** The Company provided, during the year, a Corporate Guarantee to HDFC Bank Limited, Kolkata for securing the Non Fund Based Working Capital facilities to Sigma Microsystems Private Limited, Subsidiary Company to the extent of **Rs.90,00,000**.
- 4.1** Inter Corporate Deposits include paid to Sigma Microsystems Private Limited, Subsidiary Company **Rs. 2,58,00,000** (2009 – Rs.90,10,000) and interest receivable thereon **Rs. 6,46,834** (2009- Rs. 4,06,878).
- 4.2** Advances recoverable in cash or in kind include dues from Rossell Aviation Private Limited, Subsidiary Company – **Nil** (2009 - Rs. 56,535)
- 4.3** Deposits include the balances with **(a)** NABARD deposited under the Tea Development Account Scheme, 1990 **Rs. 3,86,15,445** (2009- Rs.1,31,47,945) **(b)** Assam Financial Corporation under Plantation Development Fund Scheme, 1994 **Rs.1,000** (2009- Nil)
- 5.1** The total remuneration paid/payable to Executive Chairman and Managing Director and charged in these accounts under various heads:

	2009-2010	2008-2009
	<u>Rs.</u>	<u>Rs.</u>
Salary	29,65,000	24,60,000
Commission	83,66,240	14,67,840
Contribution to Provident and other Funds	9,25,550	7,66,700
Cost of benefits	15,33,202	6,50,047
	<u>1,37,89,992</u>	<u>53,44,587</u>

- 5.2** Computation of Profit under Section 198 read with Section 309 of the Companies Act, 1956 for the year ended 31st March, 2010

	Rs.	Rs.
Profit before Taxation as per Profit and Loss Account		24,99,09,224
Add :Managerial Remuneration	1,37,89,992	
Directors' Fees and Commission	6,45,500	
Depreciation	<u>1,64,17,164</u>	<u>3,08,52,656</u>
		28,07,61,880
Less :		
Depreciation under Section 350	<u>1,64,17,164</u>	<u>1,64,17,164</u>
		<u>26,43,44,716</u>
Commission Payable to		
(a) Executive Chairman @ 5% thereof	<u>1,32,17,236</u>	
Limited to		<u>83,66,240</u>
(b) Non-Executive Directors @1% thereof	<u>26,43,447</u>	
Limited to		<u>5,00,000</u>

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6.1	Auditors' Remuneration	2009-2010	2008-2009
		<u>Rs.</u>	<u>Rs</u>
	Audit Fees	1,98,540	1,65,450
	Tax Audit Fees	22,060	16,854
	For Certification Job	88,240	61,798
	Reimbursement of Expenses	4,000	4,000
		<u>3,12,840</u>	<u>2,48,102</u>
6.2	Miscellaneous Expenses include Audit Fees payable to Cost Auditors Rs. 71,695 (2008-2009 Rs. 56,180)		
6.3	Miscellaneous Expenses also include contribution to Indian National Congress, a Political Party within the meaning of 293A of the Companies Act, 1956- Nil (2008-2009 - Rs.25,00,000)		
6.4	Rent includes arrear Land Revenue and Surcharge paid/payable in respect of Tea Estates in Assam Rs.25,47,151 (2009- Nil) pursuant to demand raised in this year.		
7.	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:		
7.1	Rossell Tea Division – Black Tea		
		<u>2009-2010</u>	<u>2008-2009</u>
7.1.1	Licensed Capacity	Not Applicable	Not Applicable
	Installed Capacity (Kgs.)	50,00,000	50,00,000
	(As estimated by the Management)		
7.1.2	Saleable Production (Kgs.)	42,89,237	41,67,296
7.1.3	Opening Stock (Kgs.)	82,793	1,00,510
	- Value (Rs.)	72,76,881	75,73,438
	Sales (including claims, damages, Samples etc.) (Kgs.)	42,63,119	41,85,013
	- Value (Rs.)	68,07,17,227	53,63,51,889
	Closing Stock (Kgs)	1,08,911	82,793
	- Value (Rs.)	1,03,40,460	72,76,881
7.1.4	(i) Raw Materials Consumed (Green Leaf) (Indigenous) (Kgs)	1,85,09,274	1,79,41,733
	(Own cultivation)		
	- Value	Not required to be disclosed	Not required to be disclosed
	(ii) Raw Materials Purchased and Consumed (Green Leaf) (Indigenous) (kgs.)	97,326	64,563
	- Value (Rs.)	14,31,493	6,25,005
7.2	Vankesh Avionics Technologies Division - Manufacturing, Design and Development of Avionics, Aviation and Electronic Equipments.		

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	<u>2009-2010</u>	<u>2008-2009</u>
7.2.1 Licensed Capacity	Not Applicable	Not Applicable
Installed Capacity	Not Ascertainable	Not Ascertainable
7.2.2 Saleable Production	366 Nos.	2 Units
	670 Mtrs.	-
7.2.3 Opening and Closing Stock of Finished Product		
- Value (Rs.)	Nil	Nil
Sales	366 Nos.	2 Units
	670 Mtrs.	-
- Value (Rs.)	13,25,783	16,43,755
Closing Stock (Raw Materials)		
- Value (Rs.)	1,55,428	16,428
Closing Work-in-Progress		
- Value (Rs.)	18,70,000	1,10,000
7.2.4. Raw Materials Consumed		
(Indigenous)		
- Value (Rs.)	8,03,857	11,15,070
Note : In view of numerous items it is not possible to provide for the required quantitative information.		
7.3 Stores and Spares Consumed and debited to various heads of Account in the Profit and Loss A/c.		
(Indigenous) (Rs.)	10,55,26,712	9,36,98,235
7.4 Expenditure in Foreign Currency (Rs.)		
Foreign Travel	47,54,520	29,44,451
Commission on Sales	18,04,847	10,73,347
Subscription	-	29,358
Interest on Foreign Currency Term Loan (Net of TDS)	8,87,864	19,13,728
7.5 Earnings in Foreign Currency		
F.O.B. Value of Export Sales	9,89,94,147	8,01,21,430
Receipts for Technical and Support Services	7,07,98,440	2,83,79,341
7.6 Value of Imports calculated on C.I.F. Basis: Capital Goods	46,36,558	34,63,200
8. Remittance in Foreign Currency on account of Dividend		
Amount (Rs.)	2,75,000	1,37,500
Number of Non-Resident Shareholders	1	1
Number of Shares held by the Non-Resident Shareholder on which the Dividend was due	1,10,000	1,10,000
Year to which the Dividend relates	Year ended	Year ended
	a) 31st March, 2009	31st March, 2008
	- Rs.1,65,000	
	b) 31st March, 2010 (Interim)	
	- Rs.1,10,000	

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9. Segment Information for the year ended 31st March, 2010

1. Business Segments: 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

B. Aviation Products and Services

	2009-2010	2008-2009
2. Revenue:	<u>Rs.</u>	<u>Rs.</u>
A. Cultivation, Manufacture and Sale of Tea	70,27,38,337	55,64,11,352
B. Aviation Products and Services	8,57,16,136	4,00,22,153
	78,84,54,473	59,64,33,505
Less: Inter Segment Revenue	17,48,536	3,01,233
Total Revenue	78,67,05,937	59,61,32,272
3. Results :		
A. Cultivation, Manufacture and Sale of Tea	22,79,46,109	11,28,67,284
B. Aviation Products and Services	4,46,74,034	87,53,646
	27,26,20,143	12,16,20,930
Less: i) Un-allocated expenses, net of un-allocated Income	-	-
ii) Interest Net of subsidy	2,27,10,919	2,09,53,520
Profit before Taxation	24,99,09,224	10,06,67,410
4. Segment Assets :		
A. Cultivation, Manufacture and Sale of Tea	1,70,90,04,158	1,46,65,65,587
B. Aviation Products and Services	14,63,91,431	6,51,19,176
	1,85,53,95,589	1,53,16,84,763
5. Segment Liabilities :		
A. Cultivation, Manufacture and Sale of Tea	36,82,33,202	29,85,74,791
B. Aviation Products and Services	80,60,089	43,17,630
	37,62,93,291	30,28,92,421
6. Capital Expenditure :		
A. Cultivation, Manufacture and Sale of Tea	4,61,71,203	2,87,49,268
B. Aviation Products and Services	1,07,77,212	55,05,382
	5,69,48,415	3,42,54,650

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	<u>2009-2010</u> Rs.	<u>2008-2009</u> Rs.
7. Depreciation (Net of Adjustment with Revaluation Reserve) :		
A. Cultivation, Manufacture and Sale of Tea	1,47,63,762	1,27,30,614
B. Aviation Products and Services	16,53,402	9,30,743
	<u>1,64,17,164</u>	<u>1,36,61,357</u>
10. 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:		
a) Name of related party and nature of relationship:		
Enterprises where Control Exists -		Sigma Microsystems Private Limited, Subsidiary Company Rossell Aviation Private Limited, Subsidiary Company (Fully Owned)
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 Private Limited Harvin Estates Private Limited
b) Particulars of transactions during the year ended 31st March, 2010		
Nature of transaction		
With Enterprises where Control exists	<u>2009-2010</u> Rs.	<u>2008-2009</u> 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	1,67,90,000	-
5. Interest received / receivable on Inter Corporate Deposit	17,80,786	6,58,582
6. A Corporate Guarantee of Rs. 90,00,000 was provided during the year as per Note 3.3 above.		
Key Management Personnel and relatives		
1. Dividend Paid	18,67,392	9,33,696

ROSSELL TEA LIMITED

	2009-2010 Rs.	2008-2009 Rs.
2. Unsecured Loan taken (Net)	5,46,85,000	-
3. Unsecured Loan repaid (Net)	-	3,07,00,000
4. Interest paid/payable on Unsecured Loan taken	57,32,282	39,13,793
5. Rent for Residential Accommodation	4,20,000	4,20,000
6. Remuneration Paid	1,37,89,992	53,44,587
7. Purchase of Equity Shares of Rossell Aviation Pvt. Ltd. (Subsidiary Company)	-	50,000
8. Remuneration Paid to relative	9,40,885	5,70,239
Holding Company		
1. Dividend Paid	1,16,31,273	58,15,636
2. Net increase in Inter Corporate Deposit	1,08,50,000	1,92,70,307
3. Interest paid / payable on Inter Corporate Deposit	41,84,848	7,87,397
Enterprises where significant influence is Exercisable		
1. Dividend Paid	2,39,948	1,19,974
2. Rent Paid for Office Space	6,00,000	6,00,000
3. Rent paid for residential accommodation	4,40,000	-
4. Net decrease in Inter Corporate Deposit	24,75,000	4,64,15,000
5. Interest paid / payable on Inter Corporate Deposit	7,90,971	11,11,875
11.	<p>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. 21,00,000 as on 31st March, 2009. During the year, a review with respect to the carrying amount of Deferred Tax Asset was done and the same was fully realized during the year. Further, an amount of Rs.47,00,000 was recognized as Deferred Taxation Liability net of Deferred Tax Assets in the Balance Sheet as on 31st March, 2010 comprising of the following:</p>	
	Rs.	
	Deferred Tax Asset	
	Employees' Benefits	17,00,000
	Deferred Tax Liability	
	Depreciation as per Books and Tax Laws	64,00,000
	<u>47,00,000</u>	
12.	<p>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, aviations and electronic equipments. Thus, these accounts include the working results of this new Division for the full year and therefore, the current year's figures are not comparable with those of the previous year:</p>	

ROSSELL TEA LIMITED

13. Defined Benefit Plans

In compliance with AS-15 (Revised) - Employee Benefits issued by the Institute of Chartered Accountants of India, Actuarial Valuations were carried out in respect of Defined Benefit Schemes namely Pension, Gratuity and Leave Encashment as on 31st March, 2010. Thus, the amount recognised in the financial statements in respect of these Schemes as per Actuarial Valuation as on March 31, 2010 are as under:

(Rs.)

	Pension - Funded		Gratuity - Funded		Leave Encashment - Non Funded	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
I Components of Employer Expense						
1 Current Service Cost	-	22,35,832	46,96,120	45,06,826	3,84,000	2,20,000
2 Interest Cost	6,02,000	6,01,719	1,01,24,583	92,34,382	1,22,000	1,33,000
3 Expected Return on Plan Assets	(4,42,000)	(2,00,112)	(33,40,278)	(31,32,398)	-	-
4 Curtailment Cost/(Credit)	-	-	-	-	-	-
5 Settlement Cost/(Credit)	-	-	-	-	-	-
6 Past Service Cost	(7,14,000)	78,276	-	6,84,125	-	-
7 Actuarial Losses/(Gains)	7,67,000	(28,50,687)	(12,54,147)	(53,03,838)	(70,000)	(1,90,000)
8 Total expense recognised in the Statement of Profit & Loss Account	2,13,000	(1,34,972)	1,02,26,278	59,89,097	4,36,000	1,63,000
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.						
II Net Asset/(Liability) recognised in Balance Sheet						
1 Present Value of Defined Benefit Obligation	83,85,000	82,37,587	6,61,30,098	5,88,21,646	19,00,000	18,02,000
2 Fair Value on Plan Assets	70,30,000	50,96,067	5,69,44,603	5,22,98,213	-	-
3 Status [Surplus/(Deficit)]	(13,55,000)	(31,41,520)	(91,85,495)	(65,23,433)	(19,00,000)	(18,02,000)
4 Unrecognised Past Service Cost	-	-	-	6,84,125	-	-
5 Net Asset/(Liability) recognized in Balance Sheet (Pending Funding with the Trustees) *	(13,55,000)	(31,41,520)	(91,85,495)	(72,07,558)	(19,00,000)	(18,02,000)
III Change in Defined Benefit Obligations (DBO)						
1 Present Value of DBO at the Beginning of the Year	82,38,000	80,22,920	5,88,21,646	5,45,16,355	18,02,000	17,38,000
2 Current Service Cost	-	22,35,832	46,96,120	45,06,826	3,84,000	2,20,000
3 Interest Cost	6,02,000	6,01,719	1,01,24,583	92,34,382	1,22,000	1,33,000
4 Curtailment Cost/(Credit)	-	-	-	-	-	-
5 Settlement Cost/(Credit)	-	-	-	-	-	-
6 Plan Amendments	(7,14,000)	-	-	-	-	-
7 Acquisitions	-	-	-	-	-	-
8 Actuarial (Gains)/Losses	6,77,000	(26,22,884)	(16,16,356)	(41,56,939)	(70,000)	(1,90,000)
9 Benefits Paid	(4,18,000)	-	58,95,895	(52,78,978)	(3,38,000)	(99,000)
10 Present Value of DBO at the End of the Year	83,85,000	82,37,587	6,61,30,098	5,88,21,646	19,00,000	18,02,000
* Includes Funding due for transition period	(11,42,000)		(42,07,558)			

ROSSELL TEA LIMITED

IV Change in Fair Value of Assets						
1 Plan Assets at the Beginning of the Year	50,96,000	26,68,152	5,22,98,213	4,25,36,727	-	-
2 Acquisition Adjustment	-	-	-	-	-	-
3 Actual Return on Plan Assets	4,42,000	2,00,112	33,40,278	31,32,398	-	-
4 Actuarial Gains/(Losses)	(90,000)	2,27,803	(3,62,209)	11,46,899	-	-
5 Actual Company Contribution	20,00,000	20,00,000	75,64,216	1,07,61,167	-	-
6 Benefits Paid	(4,18,000)	-	(58,95,895)	(52,78,978)	3,38,000	99,000
7 Plan Assets at the End of the Year	70,30,000	50,96,067	5,69,44,603	5,22,98,213	-	-
V Principal Actuarial Assumptions used (common for all valuations)						
1 Discount Rate (%)					7.50	7.50
2 Expected Return on Plan Assets (%)					7.50	7.50
3 Expected Salary increase rates					5.00	5.00
4 Mortality rates					LICI (1994-96)	LICI (1994-96)
VI Major Category of Plan Assets as a % of the Total Plan Assets						
1 Government Securities/Special Deposit with RBI	43.08	30.87	54.21	54.97		
2 PSU Bonds	31.78	30.49	32.46	32.56		
3 Insurance Companies	15.81	31.68	4.77	4.83		
4 Cash and Cash Equivalents	9.33	6.96	8.56	7.64		

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

14. 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:

	2009-2010	2008-2009
	Rs.	Rs.
(a) Profit after Taxation	19,31,09,224	6,96,17,410
(b) Weighted average number of Equity Shares outstanding	73,39,295	66,42,857
(c) Earnings per Share	26.31	10.48

15. 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, 2010.

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

Place : Kolkata Date : 26th May, 2010	H. M. Gupta <i>Executive Chairman</i> C.S.Bedi <i>Managing Director</i>	Dr. S. S. Baijal H.M. Parekh P. L. Agarwal V. P. Agarwal <i>Directors</i>	N.K.Khurana <i>Vice President (Finance)</i> <i>Cum Company Secretary</i>
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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. L01132WB1994PLC063513 State Code 21
Balance Sheet Date 31.03.2010

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	
Source of Funds	17,17,065	Application of Funds	17,17,065
Paid-up Capital	73,393	Net Fixed Assets	11,24,720
Reserves and Surplus	12,67,378	Investments	3,48,162
Secured Loans	1,52,882		
Unsecured Loans	1,18,431	Current Assets,	
Current Liabilities		Loans and Advances	2,44,183
and Provisions	1,00,281		
Deferred Taxation			
Liability	4,700		

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

Turnover 7,64,641
Other Income 22,065
Total Expenditure 5,36,797
Profit Before Tax 2,49,909
Profit After Tax 1,93,109
Earnings per Share (in Rs.) 26.31
Dividend Rate (%)
- Interim 10.00
- Final 10.00

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	

H. M. Gupta
Executive Chairman

Dr. S. S. Bajjal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

Place : Kolkata
Date : 26th May, 2010

C.S.Bedi
Managing Director

ROSSELL TEA LIMITED

Cash Flow Statement for the year ended 31st March, 2010

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from Operating Activities				
Profit before Tax and Extraordinary items		24,99,09,224		10,06,67,410
Adjustment for :				
Depreciation	1,64,17,164		1,36,61,357	
Interest (Net)	2,27,10,919		2,09,53,520	
Loss on Disposal of Fixed Assets (Net)	51,280		11,72,846	
Unrealised Loss (Gain) on Exchange	(58,10,000)		1,09,80,000	
Liabilities written back	–		(16,25,467)	
Loss (Profit) on sale of Investments	<u>13,23,099</u>		<u>79,67,095</u>	
		<u>3,46,92,462</u>		<u>5,31,09,351</u>
		28,46,01,686		15,37,76,761
Items Considered in Investing Activity :				
Interest on Deposits etc.	(52,46,406)		(31,86,092)	
Dividend	<u>(1,58,510)</u>		<u>(2,54,101)</u>	
		<u>(54,04,916)</u>		<u>(34,40,193)</u>
Operating Profit before Working Capital Changes		27,91,96,770		15,03,36,568
Adjustment for :				
Current Assets	(2,52,87,168)		(4,06,65,133)	
Current Liabilities	<u>1,72,95,256</u>		<u>(83,83,706)</u>	
		<u>(79,91,912)</u>		<u>(4,90,48,839)</u>
Cash Generated from Operations		27,12,04,858		10,12,87,729
Interest Paid	(2,27,10,919)		(2,09,53,520)	
Direct Taxes (Net of refund)	<u>(5,05,16,472)</u>		<u>(2,00,88,047)</u>	
		<u>(7,32,27,391)</u>		<u>(4,10,41,567)</u>
Cash Flow before Extraordinary Items		19,79,77,467		6,02,46,162
Extraordinary Items		<u>–</u>		<u>–</u>
Net Cash Flow from Operating Activities		<u>19,79,77,467</u>		<u>6,02,46,162</u>
B. Cash Flow from Investing Activities				
Purchase of Fixed Assets including Advances for Capital Assets		(5,86,32,812)		(3,47,64,040)
Sale of Fixed Assets including Subsidy received from Tea Board		5,06,704		4,74,162
Sale of Investments		3,10,23,074		4,86,76,739
Purchase of Investments		(15,31,56,186)		(20,55,24,711)
Compensation received from acquisition of Land		–		–
Interest Received		52,46,406		31,86,092
Dividend Received		1,58,510		2,54,101
Net Cash Flow from Investing Activities		<u>(17,48,54,304)</u>		<u>(18,76,97,657)</u>

ROSSELL TEA LIMITED

	2009-2010		2008-2009	
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
C. Cash Flow from Financing Activities				
Proceeds of Equity Share Capital, including Securities Premium		-		10,25,00,000
Intercorporate deposits(ICD) (repaid) /taken including interest accrued thereon		6,84,99,105		(5,78,67,241)
Repayment of Short/Medium Term Borrowings from Banks (Net)		(1,78,98,015)		8,26,97,796
Proceeds of Short Term Loan from Bank (Net)		1,14,24,301		1,35,11,726
Dividend Paid and Tax thereon-Dividend 2008-2009	(1,28,79,913)			(92,34,262)
- Interim Dividend 2009-2010	(85,86,608)	(2,14,66,521)		-
Net Cash Flow from Financing Activities		<u>4,05,58,870</u>		<u>13,16,08,019</u>
Net Increase in Cash and Cash Equivalents (A+B+C)		6,36,82,033		41,56,524
Cash and Cash Equivalents as at 31.03.2009 (Opening Balance)		79,48,209		37,91,685
Cash and Cash Equivalents as at 31.03.2010 (Closing Balance)		7,16,30,242		79,48,209

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

Dr. S. S. Bajjal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

Place : Kolkata
Date : 26th May, 2010

C.S.Bedi
Managing Director

ROSSELL TEA LIMITED

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, 2010
- (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 31st March, 2010 : (Rs. 43,81,669)
- ii) for its previous financial year : Rs. 9,81,498
- (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 31st 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 : 31st March, 2010
- (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 years ended 31st March, 2010 : (Rs.10,759)
- ii) for its previous financial year : (Rs. 5,715)
- (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 31st March, 2010 : Nil
- ii) for its previous financial year : Nil

Place : Kolkata
Date : 26th May, 2010

H. M. Gupta
Executive Chairman

C.S.Bedi
Managing Director

Dr. S. S. Bajjal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

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 2010, 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.468.19 lacs as at 31st March 2010 and total revenues of Rs.331.96 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, 2010,
- (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
(Registration No. 302034E)

R.K.Roy Chaudhury
Partner
Membership No.8816

Place : Kolkata
Date : 26th May, 2010

ROSSELL TEA LIMITED

Consolidated Balance Sheet as at 31st March, 2010

		As on 31.03.2010		As on 31.03.2009	
	Schedule	Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1		7,33,92,950		7,33,92,950
Reserves and Surplus	2		<u>1,26,39,61,360</u>		<u>1,09,55,73,629</u>
			<u>1,33,73,54,310</u>		<u>1,16,89,66,579</u>
Loan Funds					
Secured Loans	3		15,28,81,421		17,19,75,225
Unsecured Loans	4		<u>12,89,06,954</u>		<u>6,03,01,378</u>
			<u>28,17,88,375</u>		<u>23,22,76,603</u>
Minority Interest					
			<u>17,30,422</u>		<u>51,38,386</u>
Deferred Tax Liability					
			<u>51,08,194</u>		-
T O T A L					
			<u>1,62,59,81,301</u>		<u>1,40,63,81,568</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5		1,25,46,56,622		1,19,77,40,727
Less: Depreciation			<u>13,23,52,375</u>		<u>11,22,00,521</u>
Net Block			<u>1,12,23,04,247</u>		<u>1,08,55,40,206</u>
Capital Work-in-Progress			<u>69,26,532</u>		<u>50,43,987</u>
			<u>1,12,92,30,779</u>		<u>1,09,05,84,193</u>
Goodwill					
			1,69,31,501		1,69,31,501
Deferred Tax Asset					
			-		16,85,885
Investments					
	6		32,55,05,113		20,46,95,100
Current Assets, Loans and Advances					
Inventories	7	3,92,80,523		3,53,75,601	
Sundry Debtors	8	2,65,65,305		2,31,24,245	
Cash & Bank Balances	9	7,34,25,039		1,09,97,957	
Other Current Assets	10	2,23,68,828		1,65,16,009	
Loans & Advances	11	<u>9,83,46,958</u>		<u>9,94,26,524</u>	
		<u>25,99,86,653</u>		<u>18,54,40,336</u>	
Less: Current Liabilities and Provisions					
Current Liabilities	12	9,22,41,298		7,46,86,402	
Provisions	13	<u>1,34,89,153</u>		<u>1,83,26,751</u>	
		<u>10,57,30,451</u>		<u>9,30,13,153</u>	
Net Current Assets					
			15,42,56,202		9,24,27,183
Miscellaneous Expenditure					
Preliminary Expenses			<u>57,706</u>		<u>57,706</u>
T O T A L					
			<u>1,62,59,81,301</u>		<u>1,40,63,81,568</u>

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: 26th May 2010

H. M. Gupta
Executive Chairman

C.S.Bedi
Managing Director

Dr. S. S. Bajjal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

ROSSELL TEA LIMITED

Consolidated Profit and Loss Account for the year ended 31st March, 2010

	Schedule	2009-2010 Rs.	2008-2009 Rs.
INCOME			
Sales		71,67,75,347	55,84,37,302
Less: Excise Duty		20,09,165	12,41,427
		<u>71,47,66,182</u>	<u>55,71,95,875</u>
Receipts for Technical and Support Services		8,25,98,240	3,71,82,199
Other Income	14	2,07,57,164	2,06,00,641
		<u>81,81,21,586</u>	<u>61,49,78,715</u>
EXPENDITURE			
(Increase) Decrease in Stock	15	(45,68,782)	(57,97,826)
Expenses	16	54,00,58,870	49,42,45,982
Interest	17	2,34,92,738	2,19,88,155
Depreciation		1,70,35,852	1,41,29,260
		<u>57,60,18,678</u>	<u>52,45,65,571</u>
PROFIT BEFORE TAXATION			
		24,21,02,908	9,04,13,144
Fringe Benefit Tax		–	13,43,120
Provision for Current Taxation		5,00,00,000	1,85,00,000
Deferred Taxation Adjustment		67,94,079	1,14,63,574
PROFIT AFTER TAXATION			
		18,53,08,829	5,91,06,450
Balance brought forward		2,24,50,947	4,25,67,365
Transfer from Exchange Rate Variation Reserve		–	90,61,000
Transfer from Minority Interest		34,07,966	45,96,045
		<u>21,11,67,742</u>	<u>11,53,30,860</u>
PROFIT AVAILABLE FOR APPROPRIATION			
APPROPRIATION			
Transfer to General Reserve		15,00,00,000	8,00,00,000
Dividend on Equity Shares			
- Interim		73,39,295	1,10,08,943
- Final		73,39,295	–
Tax on Dividend		24,94,626	18,70,970
Balance carried forward		4,39,94,526	2,24,50,947
		<u>21,11,67,742</u>	<u>11,53,30,860</u>
Basic and Diluted Earnings per Equity Share		25.71	9.59
Notes on Consolidated 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

H. M. Gupta
Executive Chairman

Dr. S. S. Bajjal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

Place: Kolkata
Date: 26th May, 2010

C.S.Bedi
Managing Director

ROSSELL TEA LIMITED

Schedules to the Consolidated Balance Sheet as at 31.03.2010

	<u>As on 31.03.2010</u>	<u>As on 31.03.2009</u>
	Rs.	Rs.
SCHEDULE 1		
CAPITAL		
Authorised		
90,00,000 (2009 - 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>
Issued and Subscribed		
73,39,295 (2009 - 73,39,295) Equity Shares of Rs. 10 each fully paid up	<u>7,33,92,950</u>	<u>7,33,92,950</u>
	<u>7,33,92,950</u>	<u>7,33,92,950</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. Of the above 46,52,509 (2009- 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	26,09,54,823	16,87,04,823
Add: Received during the year	-	9,22,50,000
	<u>26,09,54,823</u>	<u>26,09,54,823</u>

Capital Reserve

Balance as per last Account	2,25,45,443	2,25,45,443
-----------------------------	-------------	-------------

Revaluation Reserve

Balance as per last account	53,31,20,237	53,65,54,617
Less: Withdrawal on account of depreciation on incremental amounts upon revaluation	31,55,848	34,34,380
	<u>52,99,64,389</u>	<u>53,31,20,237</u>

General Reserve

Balance as per last Account	25,65,02,179	17,65,02,179
Add: Transfer from Profit and Loss Account	15,00,00,000	8,00,00,000
	<u>40,65,02,179</u>	<u>25,65,02,179</u>

Exchange Rate Variation Reserve

Balance as per last Account	-	90,61,000
Less: Transfer to Profit and Loss Account	-	90,61,000
	-	-

Surplus in Profit and Loss Account

	<u>4,39,94,526</u>	<u>2,24,50,947</u>
	<u>1,26,39,61,360</u>	<u>1,09,55,73,629</u>

ROSSELL TEA LIMITED

SCHEDULE 3	As on 31.03.2010	As on 31.03.2009
SECURED LOANS	Rs.	Rs.
From Banks		
Foreign Currency Term Loan		
External Commercial Borrowing from The Bank of Beirut (U.K.) Ltd. [Secured by equitable mortgage of Dikom T.E. pari passu with State Bank of India]	4,51,40,000	5,09,50,000
Rupee Term Loan		
Term Loan from HDFC Bank Ltd. [Secured by hypothecation of tea crop and movable assets of Nokhroy, Nagrijuli and Romai T.Es.and collaterally secured by equitable mortgage of Nokhroy T.E. and Romai T.E.]	9,00,00,000	5,00,00,000
Term Loan from Development Credit Bank Ltd. [Secured by Subservient Charge on the Current Assets of the Company]	–	3,00,00,000
Car Loan from HDFC Bank Ltd [Secured by hypothecation of Motor Cars financed by them]	41,22,097	26,97,796
Cash Credit Accounts		
HDFC Bank Ltd. [Secured by hypothecation of tea crop and movable assets of Nokhroy, Nagrijuli and Romai T.Es.and collaterally secured by equitable mortgage of Nokhroy T.E. and Romai T.E.]	41,34,230	1,32,20,329
State Bank Of India [Secured by hypothecation of tea crop and movable assets of Dikom T.E. and collaterally secured by equitable mortgage of Dikom T.E. pari passu with The Bank of Beirut (U.K.) Ltd.]	71,11,982	1,02,82,957
IndusInd Bank Ltd [Secured by hypothecation of tea crop and movable assets of Bokakhat T.E.and collaterally secured by equitable mortgage of Bokakhat T.E. pari passu with The Bank of Beirut (U.K.) Ltd.]	–	1,48,24,143
Axis Bank Limited [Secured by hypothecation of tea crop and movable assets of Bokakhat T.E. and collaterally secured by equitable mortgage of Bokakhat T. E.]	23,73,112	–
	15,28,81,421	17,19,75,225
SCHEDULE 4		
UNSECURED LOANS		
Intercompany Deposits	3,92,60,307	2,59,35,307
Loan from Managing Director (Executive Chairman)	7,76,35,000	2,29,50,000
Loan from Directors of Subsidiary	1,04,75,868	1,03,69,397
Interest accrued and due thereon	15,35,779	10,46,674
	12,89,06,954	6,03,01,378

ROSSELL TEA LIMITED

SCHEDULE -5

FIXED ASSETS

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	Cost /Revalued as at 31.03.2009	Additions During the Year	Disposal During the Year	Cost/Revalued as at 31.03.2010	As at 31.03.2009	Addition for the Year	Written back / Adjustments during the Year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land & Planted Teas	66,53,92,509	2,06,743	-	66,55,99,252	-	-	-	-	66,55,99,252	66,53,92,509
Buildings	28,48,18,875	1,02,87,423	-	29,51,06,298	2,25,22,581	57,57,972	-	2,82,80,553	26,68,25,745	26,22,96,294
Plant and Machinery	19,33,90,759	2,58,86,655	4,83,260	21,87,94,154	6,58,20,485	86,61,522	-	7,44,82,007	14,43,12,147	12,75,70,274
Furniture and Fittings	1,08,38,797	66,24,726	-	1,74,63,523	53,20,563	9,98,247	-	63,18,810	1,11,44,713	55,18,234
Vehicles	2,84,96,973	93,99,968	-	3,78,96,941	1,07,77,705	33,40,969	-	1,41,18,674	2,37,78,267	1,77,19,268
Office and Other Equipment	1,48,02,814	51,08,210	1,14,570	1,97,96,454	77,59,187	14,32,990	39,846	91,52,331	1,06,44,123	70,43,627
	1,19,77,40,727	5,75,13,725	5,97,830	1,25,46,56,622	11,22,00,521	2,01,91,700	39,846	13,23,52,375	1,12,23,04,247	1,08,55,40,206
Previous Year	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	1,08,55,40,206	

Note: Disposal during the year under Plant and Machinery represents Rs.4,83,260 received from Tea Board towards subsidy against Fixed Assets added during earlier year.

ROSSELL TEA LIMITED

SCHEDULE 6 INVESTMENTS	As on 31.03.2010 Rs.	As on 31.03.2009 Rs.
At Cost		
Long Term Investments		
Trade Investments: Unquoted		
In Shares, Debentures or Bonds		
50,000 (2009- 50,000) Equity Shares of Rs.10 each fully paid up of Assam Hospitals Limited	5,00,000	5,00,000
99,962 (2009- 83,305) Equity Shares of Rs.1 each fully paid up of Celsia Hotels Private Limited	15,01,27,962	12,50,00,805
1,44,45,000 (2009- 19,26,000) Equity Shares of Rs.1 each fully paid up of PSK Resorts & Hotels Private Limited	3,90,01,500	5,20,02,000
8,40,150 (2009- Nil) Equity Shares of Rs. 1 each fully paid of Hyacinth Hotels Private Limited	8,40,15,000	–
3,60,907 (2009- 100) Equity Shares of Singapore\$ 1 each fully paid up of RV Enterprizes Pte. Ltd.	1,20,01,177	3,355
4,00,000 (2009- Nil) Non-cumulative Redeemable Preference Shares of US Dollar 1 each fully paid up of RV Enterprizes Pte. Ltd.	1,83,48,000	–
Other Investments: Unquoted		
In Shares, Debentures or Bonds		
500 (2009-500) 5.50% Non-Convertible Redeemable Taxable Bonds Series of Rs. 10,000 each of Rural Electrification Corporation Ltd.	50,00,000	50,00,000
In Units		
Face value Rs.10 each		
Nil (2009- 2,75,909) Kotak Floater Short Term (G)	–	39,66,331
1,50,000(2009- 1,50,000) Sundaram BNP Paribas Energy Opportunities Fund- Dividend	15,00,000	15,00,000
Other Investments: Quoted		
In Shares, Debentures or Bonds		
Fully Paid Equity Shares of Rs.10 each		
13,840 (2009-13,840) Mysore Petro Chemicals Limited	7,49,793	7,49,793
1,844 (2009-2,878) HDFC Bank Ltd.	29,28,327	45,70,348
1,250 (2009-8,504) ICICI Bank Ltd.	9,39,024	23,41,686
7,000 (2009-9,000) Power Grid Corporation of India Ltd.	9,04,890	11,63,408
2,000 (2009-6765) Infrastructure Development Finance Co. Ltd.	2,76,272	7,45,985
5,472 (2009-4,500) NTPC Ltd.	12,58,701	10,46,294
100 (2009-175) State Bank of India	1,67,137	2,92,490
Nil (2009-79) Tata Power Ltd.	–	48,121
849 (2009- Nil) CESC Ltd.	2,75,883	–
552 (2009-1,544) Gujrat Narmada Fertiliser Ltd.	82,999	2,32,160
238 (2009-655) Rallis India Ltd.	98,808	2,71,930

ROSSELL TEA LIMITED

SCHEDULE 6 (Contd.)	As on 31.03.2010	As on 31.03.2009
	Rs.	Rs.
Nil (2009-502) Reliance Capital Ltd.	–	1,56,652
800 (2009-148) Bharti Airtel Ltd.	3,38,296	82,153
Nil (2009-1,590) Cairn India Ltd.	–	2,51,171
3,309 (2009-Nil) PTC India Ltd.	3,42,496	–
221 (2009-Nil) United Spirits Ltd.	1,93,829	–
390 (2009-Nil) Aditya Birla Nuvo Ltd.	3,48,271	–
181 (2009-Nil) GAIL (India) Ltd.	56,894	–
1,000 (2009-Nil) Indian Oil Corporation Ltd.	2,90,695	–
180 (2009-Nil) Oil & Natural Gas Corporation Ltd.	1,98,209	–
Fully Paid Equity Shares of Rs.5 each		
2,138 (2009-2138) Network 18 Media & Investments Ltd.	7,10,792	7,10,792
Fully Paid Equity Shares of Rs.2 each		
7,500 (2009-5,000) GMR Infrastructure Ltd.	6,73,200	8,97,642
4,500 (2009-3,500) Jaiprakash Associates Ltd.	10,26,540	11,97,616
1,200 (2009-1,460) Larsen & Toubro Ltd.	18,36,456	22,34,354
700 (2009-1,000) Punj Lloyd Ltd.	3,08,077	4,40,106
1,018 (2009-Nil) Pantaloon Retail (India) Ltd.	3,07,652	–
2,546 (2009-Nil) Gujarat Mineral Development Corpn. Ltd.	2,52,008	–
Fully Paid Equity Shares of Rs.1 each		
Nil (2009-193) Sesa Goa Ltd.	–	14,097
1,476 (2009-Nil) Godrej Industries Ltd.	2,35,930	–
3,131 (2009-Nil) ITC Ltd.	6,24,604	–
5,425 (2009-Nil) Mercator Lines Ltd.	3,09,880	–
	32,62,29,302	20,54,19,289
Less: Provision for diminution in the value of Investments	7,24,189	7,24,189
	32,55,05,113	20,46,95,100
Aggregate Book value (Net of Provisions)		
Quoted Investments	1,57,35,662	1,74,46,798
Unquoted Investments	30,97,69,451	18,72,48,302
	32,55,05,113	20,46,95,100
Market Value of Quoted Investments	1,57,35,959	90,73,289
SCHEDULE 7		
INVENTORIES		
Stock of Raw materials at cost	77,26,146	61,66,171
Stock of Work in Progress at works cost	94,42,585	79,37,383
Stock of Tea at lower of cost and net realisable value	1,03,40,460	72,76,881
Stock of Stores & Spares at or under cost	1,17,71,332	1,39,95,166
	3,92,80,523	3,53,75,601
SCHEDULE 8		
SUNDRY DEBTORS		
Unsecured , Considered Good		
Debts outstanding for a period exceeding six months	61,44,762	52,72,120
Other Debts	2,04,20,543	1,78,52,125
	2,65,65,305	2,31,24,245

ROSSELL TEA LIMITED

	As on 31.03.2010	As on 31.03.2009
	<u>Rs.</u>	<u>Rs.</u>
SCHEDULE 9		
CASH AND BANK BALANCES		
Cash in Hand	10,36,521	2,87,496
Remittance -in- Transit	–	4,61,500
With Scheduled Banks		
on Current Accounts	60,75,700	36,19,065
on EEFC Account in USD	38	22,63,050
on EEFC Account in Euro	6,53,58,642	15,41,573
on EEFC Account in Pound	66,605	–
on Margin Money Account	6,18,530	27,53,656
on Unpaid Dividend Accounts	2,69,003	71,617
	<u>7,34,25,039</u>	<u>1,09,97,957</u>
SCHEDULE 10		
OTHER CURRENT ASSETS		
Interest Accrued on Deposits	20,01,698	7,70,457
Other Receivables	2,03,67,130	1,57,45,552
	<u>2,23,68,828</u>	<u>1,65,16,009</u>
SCHEDULE 11		
LOANS AND ADVANCES		
Unsecured , Considered Good		
Advances for Capital Assets	2,44,70,139	2,46,68,287
Intercorporate Deposits	–	2,50,00,000
Advances recoverable in cash or in kind or for value to be received	2,83,78,914	2,93,99,170
Deposits	4,54,97,905	2,03,59,067
	<u>9,83,46,958</u>	<u>9,94,26,524</u>
SCHEDULE 12		
CURRENT LIABILITIES		
Sundry Creditors	1,99,56,333	1,25,18,066
Other Liabilities	7,14,62,788	6,16,52,619
Interest Accrued but not Due	5,53,175	4,44,101
Unpaid Dividend	2,69,002	71,616
	<u>9,22,41,298</u>	<u>7,46,86,402</u>
SCHEDULE 13		
PROVISIONS		
Provision for Taxation (Net)	49,02,545	54,46,838
Proposed Dividend	73,39,295	1,10,08,943
Tax on Dividend	12,47,313	18,70,970
	<u>1,34,89,153</u>	<u>1,83,26,751</u>

ROSSELL TEA LIMITED

Schedules to the Consolidated Profit and Loss Account

	2009-2010 Rs.	2008-2009 Rs.
SCHEDULE - 14		
OTHER INCOME		
Interest		
On Intercompany Deposits	30,37,811	10,25,623
On Other Deposits and Bonds	5,11,235	13,90,878
On Fixed Deposits with Banks	–	44,507
On Income Tax Refund	–	1,11,008
Dividend	1,58,510	2,54,101
Gain on Exchange (Net)	2,57,217	–
Subsidy - Replanting	9,88,706	16,69,844
Tea Board Orthodox Subsidy Scheme	87,13,732	1,02,20,435
Sale of DEPB Licence	55,84,095	29,40,437
Sundry Receipts	14,88,602	13,18,341
Liabilities no Longer Required written back	17,256	16,25,467
	2,07,57,164	2,06,00,641
SCHEDULE - 15		
(INCREASE)/DECREASE IN STOCK		
Opening Stock of Tea/ Work-in-progress	1,52,14,263	94,16,438
Less: Closing Stock of Tea/Work-in-progress	1,97,83,045	1,52,14,264
	(45,68,782)	(57,97,826)
SCHEDULE - 16		
EXPENSES		
Payment and benefits to Employees		
Salaries, Wages and Bonus	20,95,85,202	18,47,35,705
Contribution to Provident and other Funds	3,04,28,873	2,53,54,895
Workmen and Staff Welfare	2,80,63,743	2,81,87,903
	26,80,77,818	23,82,78,503
Other Expenses		
Consumption of Stores and Spare Parts	7,18,89,450	6,51,59,139
Consumption of Raw Materials	1,90,02,706	1,09,43,300
Purchase of Green Leaf	14,31,493	6,25,005
Job work	3,67,708	71,222
Carriage Inward	11,197	1,14,972
Power and Fuel	4,52,41,328	3,98,45,761
Tea Cess	13,38,992	13,05,766
Cess on Green Leaf	59,58,246	57,41,347
Rent	83,43,120	35,07,998
Rates and Taxes	11,95,370	20,85,977
Repairs to Building	1,77,24,285	1,45,60,739
Repairs to Machinery	1,35,67,803	1,11,47,458

ROSSELL TEA LIMITED

SCHEDULE 16 (Contd.)	2009-2010	2008-2009
	Rs.	Rs.
Other Repairs and Maintenance	37,31,978	37,91,641
Vehicles Maintenance	45,32,422	48,24,591
Transportation	1,12,30,633	1,17,88,493
Shipment Charges	15,48,231	33,16,040
Warehousing and Selling Expenses	1,10,30,870	91,05,234
Brokerage	51,21,521	38,78,665
Commission on Sales	38,30,874	23,07,603
Late Delivery Charges	2,91,310	9,81,472
Insurance	13,41,249	12,02,019
Directors' Fee and Commission	6,45,500	2,66,000
Auditors' Remuneration	3,68,355	3,03,617
Travelling and Conveyance	1,28,76,761	1,07,07,074
Miscellaneous Expenses	2,79,85,271	2,70,86,248
Loss on Exchange (Net)	–	1,21,26,759
Loss on Sale of Investments (Net)	13,23,099	79,67,095
Loss on Disposal of Fixed Assets (Net)	51,280	12,06,244
	<u>27,19,81,052</u>	<u>25,59,67,479</u>
	<u>54,00,58,870</u>	<u>49,42,45,982</u>
SCHEDULE - 17		
INTEREST		
On Bank Overdraft	36,92,379	68,32,135
On Term Loans to Banks	98,51,357	71,35,508
On Intercompany Deposits	49,75,819	58,14,657
On Unsecured Loan from Managing Director (Executive Chairman)	57,32,282	39,13,793
Others	2,61,300	1,79,746
	<u>2,45,13,137</u>	<u>2,38,75,839</u>
Less: Interest Subsidy	10,20,399	18,87,684
	<u>2,34,92,738</u>	<u>2,19,88,155</u>

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, 2010
- b) Audited Accounts of the Subsidiaries for the year ended 31st March, 2010
- 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/deficit in the profit and loss account attributable to the minority shareholders as on the close of the financial year ended 31st March, 2010.

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 Subsidiary Company Rossell Aviation Private Limited did not undertake any business activity during the year.

4. Changes in Consolidation Process as compared to 2008-2009

The Consolidated Financial Statements have been prepared on the same basis as that adopted in respect of the accounting year 2008-2009 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.

5.2 Revenue Recognition

Sales represent the invoice value of finished goods supplied, net of Sales Tax and Value Added tax

ROSSELL TEA LIMITED

and inclusive of Excise Duty, where applicable. Sales also include insurance claims received for damage/shortage of finished goods. 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. Provision is made in case of permanent diminution in the value of Investments.

Profit and Loss on sale of Investments are recognized in the Profit and Loss Account for the year.

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, in which the claim of the Company for such subsidy gets admitted.

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, 2010

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. Aviation Products and Services

	2009-2010	2008-2009
2. Revenue:	Rs.	Rs.
A. Cultivation, Manufacture and Sale of Tea	70,27,38,337	55,64,11,352
B. Aviation Products and Services	11,89,12,571	5,95,27,179
	82,16,50,908	61,59,38,531
Less: Inter Segment Revenue	35,29,322	9,59,816
Total Revenue	81,81,21,586	61,49,78,715
3. Results		
A. Cultivation, Manufacture and Sale of Tea	22,79,46,109	11,28,67,284

ROSSELL TEA LIMITED

	2009-2010	2008-2009
	Rs.	Rs.
B. Aviation Products and Services	3,76,49,537	1,92,598
	26,55,95,646	11,30,59,882
Less: i) Un-allocated expenses, net of un-allocated Income	-	-
ii) Interest Net of subsidy	(2,34,92,738)	(2,26,46,738)
Profit before Taxation	24,21,02,908	9,04,13,144
4. Segment Assets		
A. Cultivation, Manufacture and Sale of Tea	1,70,90,04,158	1,46,65,65,587
B. Aviation Products and Services	19,32,10,770	10,87,71,386
	1,90,22,14,928	1,57,53,36,973
5. Segment Liabilities		
A. Cultivation, Manufacture and Sale of Tea	36,82,33,202	29,85,74,791
B. Aviation Products and Services	5,08,40,652	4,19,32,469
	41,90,73,854	34,05,07,260
6. Capital Expenditure		
A. Cultivation, Manufacture and Sale of Tea	4,61,71,203	2,89,32,670
B. Aviation Products and Services	1,13,42,522	57,06,203
	5,75,13,725	3,46,38,873
7. Depreciation		
A. Cultivation, Manufacture and Sale of Tea	1,47,63,761	1,27,30,614
B. Aviation Products and Services	22,72,091	13,98,646
	1,70,35,852	1,41,29,260

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.

ROSSELL TEA LIMITED

b. Particulars of transactions during the year ended 31st March, 2010

Nature of transaction	Key Management Personnel and relatives	Holding Company	Enterprises where significant influence is exercisable as aforesaid
a. Net increase in Inter Corporate Deposits / Unsecured Loans	5,46,85,000 (-)	1,08,50,000 (1,92,70,307)	- (-)
b. Net decrease in Inter Corporate Deposits	- (3,07,00,000)	- (-)	24,75,000 (4,64,15,000)
c. Interest paid on Unsecured Loans taken	57,32,282 (39,13,793)	41,84,848 (7,87,397)	7,90,971 (11,11,975)
d. Rent paid for Space taken	4,20,000 (4,20,000)	- (-)	10,40,000 (6,00,000)
e. Remuneration Paid	1,37,89,992 (53,44,587)	- (-)	- (-)
f. Remuneration paid to relative	9,40,885 (5,70,239)	- (-)	- (-)
g. Dividend Paid	18,67,392 (9,33,696)	1,16,31,273 (58,15,636)	2,39,948 (1,19,974)

(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:

	2009-2010	2008-2009
	Rs.	Rs.
(a) Profit after Taxation	18,87,16,795	6,37,02,495
(b) Weighted average number of Equity Shares outstanding	73,39,295	66,42,857
(c) Earnings per Share	25.71	9.59

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

H. M. Gupta
Executive Chairman

Dr. S. S. Bajjal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

Place : Kolkata
Date : 26th May, 2010

C.S.Bedi
Managing Director

ROSSELL TEA LIMITED

Consolidated Cash Flow Statement for the year ended 31st March,2010

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
A. Cash Flow from Operating Activities				
Profit before Tax and Extraordinary items				
Adjustment for :		24,21,02,908		9,04,13,144
Depreciation	1,70,35,852		1,38,71,778	
Interest (Net)	2,34,92,738		2,19,88,155	
Loss on Disposal of Fixed Assets (Net)	51,280		12,06,244	
Unrealised Loss (Gain) on Exchange	(58,10,000)		(1,09,80,000)	
Liabilities Written back	(17,256)		(16,25,467)	
Loss (Profit) on sale of Investments	13,23,099		(79,67,095)	
		3,60,75,713		5,43,87,805
		27,81,78,621		14,48,00,949
Items Considered in Investing Activity :				
Interest on Deposits etc.	(35,49,046)		(25,72,016)	
Dividend	(1,58,510)		(2,54,101)	
		(37,07,556)		(28,26,117)
Operating Profit before Working Capital Changes		27,44,71,065		14,19,74,832
Adjustment for :				
Current Assets	(1,23,17,382)		(3,67,71,629)	
Current Liabilities	(1,75,72,153)	52,54,771	(79,17,956)	(4,46,89,585)
Cash Generated from Operations		27,97,25,836		9,72,85,247
Interest Paid	(2,34,92,738)		(2,19,88,155)	
Direct Taxes (Net of refund)	(5,05,44,293)	(7,40,37,031)	(2,02,54,847)	(4,22,43,002)
Cash Flow before Extraordinary Items		20,56,88,805		5,50,42,245
Extraordinary Items		-		-
Net Cash Flow from Operating Activities		20,56,88,805		5,50,42,245
B. Cash Flow from Investing Activities :				
Purchase of Fixed Assets including				
Advances for Capital Assets		(5,91,98,122)		(3,49,64,861)
Sale of Fixed Assets including Subsidy received Tea Board		5,06,704		5,19,162
Sale of Investments		3,10,23,074		4,86,76,739
Purchase of Investments		(15,31,56,186)		(20,54,24,461)
Preliminary Expenses of Subsidiary Company		-		(57,706)
Cost of acquisition of Equity Shares of Subsidiary (Net)		-		(250)

ROSSELL TEA LIMITED

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
Interest Received		35,49,046		25,72,016
Dividend Received		1,58,510		2,54,101
Net Cash Flow from Investing Activities		<u>(17,71,16,974)</u>		<u>(18,84,25,260)</u>
C. Cash Flow from Financing Activities				
Proceeds of Equity Share Capital, including Securities Premium		-		10,25,00,000
Intercorporate deposits(ICD) (repaid) /taken including interest accrued thereon		6,86,05,576		5,57,67,844
Repayment of Short Term Borrowings from Banks (Net)		(2,47,08,105)		-
Repayment of External Commercial Borrowings		-		(4,33,20,000)
Proceeds of Short Term Loans From Banks (Net)		1,14,24,301		8,26,97,796
Proceeds of Short Term Borrowings from Bank (Net)		-		1,94,73,483
Dividend Paid and Tax thereon				
- Dividend 2008-2009/2007-2008	(1,28,79,913)		(92,34,262)	
- Interim Dividend 2009-2010	<u>(85,86,608)</u>	<u>(2,14,66,521)</u>	-	<u>(92,34,262)</u>
Net Cash Flow from Financing Activities		<u>3,38,55,251</u>		<u>13,96,69,173</u>
Net Increase in Cash and Cash Equivalents (A+B+C)		6,24,27,082		62,86,158
Cash and Cash Equivalents as at 31.03.2009				
(Opening Balance)		1,09,97,957		47,11,799
Cash and Cash Equivalents as at 31.03.2010				
(Closing Balance)		7,34,25,039		1,09,97,957

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.

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

Dr. S. S. Baijal
H.M. Parekh
P. L. Agarwal
V. P. Agarwal
Directors

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

Place : Kolkata
Date : 26th May, 2010

C.S.Bedi
Managing Director

ROSSELL TEA LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Second Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

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 16th June, 2008. The previous year figures represent the result of period from 16th June, 2008 to 31st March 2009. Therefore current year figures are not comparable with previous year.

Particulars	Year ended 31st March 2010	Year ended 31st March 2009
Profit/(loss) before depreciation	(10,759)	(5,715)
Depreciation	Nil	Nil
Net Profit / (loss) after depreciation and before tax	(10,579)	(5,715)
Provision for Income / Wealth Tax	Nil	Nil
Balance Carried Forward to Balance Sheet (Loss)	(16,474)	(5,715)

The Company did not undertake any business activities during the year.

FIXED DEPOSITS :

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

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 undertake 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 year ended 31st March, 2010, 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, 2010 and loss of the Company for the 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: New Delhi
Date: 16th April, 2010

H. M. Gupta
Dr. S. S. Bajjal
Directors

AUDITORS' REPORT

To the Share Holders of M/S ROSSELL AVIATION PRIVATE LIMITED.

We have audited the attached Balance Sheet of M/S. ROSSELL AVIATION PRIVATE LIMITED, as at 31st March 2010 the Profit and Loss Account and also the cash flow statement 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.

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 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, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 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 in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010.
 - ii) In the case of the Profit and Loss Account, of the Loss for the year ended on that date and
 - iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For S. R. Dinodia & Co.
Chartered Accountants
(Registration No. 01478N)

Sandeep Dinodia
Partner
M. No. 083689

Place : New Delhi
Dated : 16th April, 2010

ROSSELL TEA LIMITED

Balance Sheet as at 31st March, 2010

	Schedule	As at 31.03.2010		As at 31.03.2009
		Rs.	Rs.	Rs.
SOURCES OF FUND				
Shareholder's Fund				
Share Capital	A	1,00,000.00		1,00,000.00
		<u>1,00,000.00</u>		<u>1,00,000.00</u>
APPLICATIONS OF FUND				
Current Assets, Loans and Advances B				
Cash and Bank Balances		31,334.60		98,629.00
Less : Current Liabilities and Provisions C				
Current Liabilities		<u>5,515.00</u>		<u>62,050.40</u>
Net Current Assets		25,819.60		36,578.60
Miscellaneous Expenditure				
(To the extent not written off)				
Preliminary Expenses		57,706.40		57,706.40
Profit and Loss Account		16,474.00		5,715.00
		<u>1,00,000.00</u>		<u>1,00,000.00</u>
Accounting Polices and Notes to Account	D			

AUDITORS' REPORT

As per our separate report of even date attached

For S. R. Dinodia & Co.
Chartered Accountants
(Registration No. 01478N)

Sandeep Dinodia
Partner
M. No. 083689

Place : New Delhi
Dated : 16th April, 2010

On behalf of the Board
H. M. Gupta
Director

Dr. S. S. Baijal
Director

ROSSELL TEA LIMITED

Profit and Loss Account for the year ended 31st March, 2010

	Schedule	Year Ended March 31,2010	Period Ended March 31,2009
EXPENDITURE			
Audit Fees		5,515.00	5,515.00
Legal & Professional Expenses		4,550.00	–
Printing Charges		–	200.00
Misc Expenses		694.00	
		10,759.00	5,715.00
LOSS			
Loss before tax		(10,759.00)	(5,715.00)
Loss after tax		(10,759.00)	(5,715.00)
Loss carried forward from previous year		(5,715.00)	–
Balance Carried to Balance Sheet		(16,474.00)	(5,715.00)
Basic/Diluted EPS Per Share [Refer Note No. B (1) Schedule D]		(1.08)	(0.72)
Accounting Policies and Notes to Account	D		

AUDITORS' REPORT

As per our separate report of even date attached

For S. R. Dinodia & Co.
Chartered Accountants
(Registration No. 01478N)

Sandeep Dinodia
Partner
M. No. 083689

Place : New Delhi
Dated : 16th April, 2010

On behalf of the Board
H. M. Gupta
Director

Dr. S. S. Baijal
Director

ROSSELL TEA LIMITED

Schedules forming part of the Balance Sheet

	As at 31.03.2010 Rs.	As at 31.03,2009 Rs.
SCHEDULE - A		
SHARE CAPITAL		
Authorised		
50,000 equity shares of Rs. 10 each	<u>5,00,000.00</u>	<u>5,00,000.00</u>
Issued, Subscribed and Paid up		
10,000 equity shares of Rs. 10 each fully paid-up	<u>1,00,000.00</u>	<u>1,00,000.00</u>
	<u>1,00,000.00</u>	<u>1,00,000.00</u>
Note: All the above Equity Shares are held by Rossell Tea Ltd. the holding company		
SCHEDULE - B		
CURRENT ASSETS AND LOANS & ADVANCES		
Cash and Bank Balances		
Cash in Hand	3,735.00	3,829.00
Balance with Scheduled Bank (In current account) HDFC Bank	<u>27,599.60</u>	<u>94,800.00</u>
	<u>31,334.60</u>	<u>98,629.00</u>
SCHEDULE - C		
CURRENT LIABILITIES AND PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors		
For Expenses	5,515.00	5,515.00
For others	-	56,535.40
	<u>5,515.00</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.

ROSSELL TEA LIMITED

3. Earning Per Share

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

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.)	
		Current Year (Rs.)	Previous (Rs.)
Profit/(Loss) attributable to the equity shareholders	(A)	(10,759.00)	(5,715.00)
Number of Shares		10,000	10,000
No. of days for which shares remained outstanding		365	291
Weighted average number of equity shares used in calculating basic earnings per share	(B)	10,000.00	7,972.60
Basic Earning per Share	(A) / (B)	(1.08)	(0.72)

2. Payments to Auditors

Particulars	Amount (Rs.)	
	Current Year Rs.	Previous Year Rs.
Statutory Audit Fee	5,000.00	5,000.00
Others	-	10,000.00
Service Tax	515.00	1,751.00
Total	5,515.00	16,751.00

3. In the opinion of management, the realizable value of sundry debtors, creditors, loans and advances is at least equal to amount at which they are stated in Balance Sheet.
4. 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, 2010 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.
5. 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".
6. **Disclosure in pursuance of AS-18 "Related Party Disclosure"**

Name of the Related Party	Relationship
Rossell Tea Ltd.	Holding Company

Transactions during the year with Related Parties are as follows :

Name of the Related Party	Particulars	Amount (in Rs.)
Rossell Tea Ltd.	Amount Repaid	56,535.40

ROSSELL TEA LIMITED

7. The Company was incorporated on 16th June 2008. The previous year figures represent the result of period from 16th June 2008 to 31st March, 2009. Therefore current year figures are not comparable with previous year.

Signature to Schedules 'A' to 'D'

AUDITORS' REPORT

As per our report attached

For S. R. Dinodia & Co.
Chartered Accountants
(Registration No. 01478N)

Sandeep Dinodia

Partner
M. No. 083689

Place : New Delhi
Dated : 16th April, 2010

On behalf of the Board

H. M. Gupta
Director

Dr. S. S. Baijal
Director

ROSSELL TEA LIMITED

Cash Flow Statement for the year ended March 31, 2010

Particulars	Year Ended 31st March 2010	(Amount in Rs.) Period Ended 31st March 2009
A. Cash Flow from operating activities		
Net profit before tax	(10,759)	(5,715)
Adjustments for		
Trade and other payables	(56,535)	62,050
Adjustment for Extra ordinary items		
Preliminary expenses paid	-	(57,706)
Net cash from/(used) in operating activities (A)	(67,294)	(1,371)
B. Cash flow from investing activities (B)	-	-
C. Cash flow from financing activities		
Share Capital Issued	-	1,00,000
Net cash from/(used) in financing activities (C)	-	1,00,000
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(67,294)	98,629
Cash and cash equivalents as at opening		
- Balance with scheduled banks	98,629	-
Cash and cash equivalents as at closing		
- Balance with scheduled banks	31,335	98,629
As per our separate report of even date attached.		

For S. R. Dinodia & Co.
Chartered Accountants
Reg. No. 01478N
Sandeep Dinodia
Partner
M. No. 083689

Place : New Delhi
Dated : 16th April, 2010

On behalf of the Board
H. M. Gupta
Director

Dr. S. S. Bajjal
Director

ROSSELL TEA LIMITED

DIRECTORS' REPORT

To The Members,

Your Directors have pleasure in presenting 14th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31-03-2010.

FINANCIAL PERFORMANCE

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

Particulars	2009-2010 Rs. In Lacs	2008-2009 Rs. In Lacs
Total Income	<u>329.24</u>	<u>252.32</u>
Profit / (Loss) Before Interest and Depreciation	(44.18)	(80.88)
Interest	27.59	16.93
Depreciation	6.19	4.68
Profit / (Loss) Before Tax	(77.96)	(102.49)
Income Tax for the Year	0.06	(2.56)
Profit / (Loss) After Tax	<u>(77.90)</u>	<u>(105.05)</u>

PERFORMANCE

Your Directors report increase in Turnover in 2009-2010 over the year 2008-2009 by 34% and reduction in loss to the extent of 45% before interest and depreciation. The Loss after Tax has also been reduced by 26% in spite of increased interest burden during the year under review.

FUTURE OUTLOOK

Your Company is poised for higher turnover with carry over orders on hand along with successful productionisation of the items developed over the earlier years.

DIRECTORS

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

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.

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 are 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:

- 1) Those in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- 2) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the

ROSSELL TEA LIMITED

Company at the end of the financial year and of the loss for that period.

- 3) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and deleting fraud and other irregularities.
- 4) 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 not applicable for this Industry

b) **Technology Absorption**

The Company has not imported any Technology.

c) Foreign Exchange Earnings : NIL

d) Foreign Exchange Out go : Rs.1,19,95,108

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

P.V. SANJAY
Director

Place : Hyderabad
Date : 15.05.2010

ROSSELL TEA 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 31.03.2010 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 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the 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, 2010 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 PAVULURI & CO.
Chartered Accountants

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

Place: Hyderabad
Date: 15.05.2010

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. 3,69,22,702 and the year-end balance of loan taken from such parties was Rs. 3,69,22,702. 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.

ROSSELL TEA 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, 2010 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 accumulated losses and has incurred cash losses in the immediately preceding financial year and also 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 PAVULURI & CO.
Chartered Accountants

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

Place: Hyderabad
Date: 15.05.2010

ROSSELL TEA LIMITED

Balance Sheet as at 31st March, 2010

	<u>Schedule</u>	<u>As at 31.03.2010</u>		<u>As at 31.03.2009</u>	
		<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
A. SOURCES OF FUNDS					
1. Shareholders Funds					
a) Share Capital	1	1,00,00,000		1,00,00,000	
b) Reserves & Surplus	2	(60,44,749)		17,44,884	
2. Loan Funds					
a) Secured Loans	3		-	68,10,090	
b) Unsecured Loans	4	3,69,22,702		1,97,86,275	
3. Deferred Tax Liability					
			4,08,194		4,14,115
			<u>4,12,86,147</u>		<u>3,87,55,364</u>
B. APPLICATION OF FUNDS					
1. Fixed Asset					
a) Gross Block	5	95,02,766		89,37,456	
b) Less : Depreciation		<u>49,91,581</u>		<u>43,72,893</u>	
c) Net Block			45,11,185	45,64,563	
2 Current Assets, Loans & Advances					
a) Inventories	6	1,51,43,246		1,39,77,126	
b) Sundry Debtors	7	2,25,28,660		1,76,72,570	
c) Loans & Advances	8	27,83,746		1,01,94,345	
d) Cash & Bank Balnces	9	<u>17,63,462</u>		<u>29,51,119</u>	
			4,22,19,114	4,47,95,160	
Less : Current Liabilites & Provisions	10 & 11	<u>54,44,152</u>		<u>1,06,04,359</u>	
Net Current Assets			3,67,74,962	3,41,90,801	
			<u>4,12,86,147</u>	<u>3,87,55,364</u>	
Notes on Accounts	18				

As per our report of even date

For PAVULURI & CO.
Chartered Accountants

CA.P.A. RAMAIAH
Partner

Place: Hyderabad
Date: 15.05.2010

For and on behalf of the Board of Directors

C.DAMODAR REDDY
Managing Director

P.V. SANJAY
Director

ROSSELL TEA LIMITED

Profit and Loss Account for the year ended 31st March, 2010

	<u>Schedule</u>	<u>Year ended 31.03.2010</u>		<u>Year ended 31.03.2009</u>	
		<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
A. INCOME :					
Sales - Gross		3,47,32,337		2,04,41,658	
Less: Excise Duty		20,09,165		12,41,427	
Net Sales			3,27,23,172		1,92,00,231
Other Income	12		4,56,007		47,441
Increase/(Decrease) in Inventory	13		(2,54,798)		59,84,383
			3,29,24,381		2,52,32,055
B. EXPENDITURE :					
Manufacturing Expenses	14		1,90,44,647		1,05,06,433
Payment and Benefits to Employees	15		1,20,79,371		1,40,85,134
Administrative Expenses	16		62,35,284		89,85,272
Financial Charges	17		27,59,201		16,93,218
Depreciation	5		6,18,688		4,67,903
			4,07,37,191		3,57,37,960
Profit/(Loss) Before Prior Period Changes			(78,12,810)		(1,05,05,905)
Add: Prior Period Items			17,256		2,57,354
Profit/(Loss) before Tax			(77,95,554)		(1,02,48,551)
Less: Provision for Taxes					
Current Tax			-		-
Deferred Tax Liability			5,920		1,63,574
Fringe Benefit tax			-		93,120
Profit/(Loss) after tax			(77,89,634)		(1,05,05,245)
Profit Brought forward from Previous year			17,44,885		1,22,50,129
Balance profit carried forward to Balance Sheet			(60,44,749)		17,44,884

As per our report of even date

For PAVULURI & CO.
Chartered Accountants

CA.P.A. RAMAIAH
Partner

Place: Hyderabad
Date: 15.05.2010

For and on behalf of the Board of Directors

C.DAMODAR REDDY
Managing Director

P.V. SANJAY
Director

ROSSELL TEA LIMITED

Schedules forming part of the Balance Sheet

	<u>As at 31.03.2010</u> Rs.	<u>As at 31.03.2009</u> Rs.
SCHEDULE 1		
SHARE CAPITAL		
Authorised :		
15,00,000 Equity Shares of Rs.10 each	<u>1,50,00,000</u>	<u>1,50,00,000</u>
 Issued, Subscribed and paid up :		
10,00,000 Equity Shares of Rs.10 each fully paid (Of the above 5,62,500 Equity shares held by the 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>
 SCHEDULE - 2		
RESERVES AND SURPLUS		
Profit and Loss Account		
Balance of Profit from Profit and Loss Account	<u>(60,44,749)</u>	<u>17,44,884</u>
	<u>(60,44,749)</u>	<u>17,44,884</u>
 SCHEDULE - 3		
SECURED LOANS		
Cash Credit from Indus In Bank (Secured by hyphothecation of book debts and stock and Corporate Guarentee from Rossell Tea Limited)	<u>–</u> <u>–</u>	<u>68,10,090</u> <u>68,10,090</u>
 SCHEDULE - 4		
UNSECURED LOANS		
Loan from Directors	<u>1,04,75,868</u>	<u>1,03,69,397</u>
Intercorporate Deposits (Holding Company)	<u>2,64,46,834</u>	<u>94,16,878</u>
	<u>3,69,22,702</u>	<u>1,97,86,275</u>

ROSSELL TEA LIMITED

SCHEDULE - 5 FIXED ASSETS

Sl. No.	NAME OF THE ASSET	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2009 Rs.	ADDITIONS Rs.	DELETIONS Rs.	As at 31.03.2010 Rs.	As at 01.04.2009 Rs.	FOR THE YEAR Rs.	Adjustments Rs.	As at 31.03.2010 Rs.	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
1	Test Equipment	13,00,190	5,47,156	-	18,47,346	3,75,841	91,923	-	4,67,764	13,79,582	9,24,349
2	Electrical Equipment	10,50,960	-	-	10,50,960	2,01,695	74,303	-	2,75,998	7,74,962	8,49,265
3	Furniture	11,63,373	-	-	11,63,373	2,81,758	73,642	-	3,55,400	8,07,973	8,81,615
4	Office Equipment	8,32,327	10,240	-	8,42,567	1,60,824	39,903	-	2,00,727	6,41,840	6,71,503
5	Computer	39,20,839	7,914	-	39,28,753	32,53,606	2,75,289	-	35,28,895	3,99,858	6,67,233
6	Vehicles	6,69,767	-	-	6,69,767	99,169	63,628	-	1,62,797	5,06,970	5,70,598
	Total :	89,37,456	5,65,310	-	95,02,766	43,72,893	6,18,688	-	49,91,581	45,11,185	45,64,563
	Previous Year	88,21,287	2,00,821	84,652	89,37,456	41,68,726	4,67,903	2,63,736	43,72,893	45,64,563	46,52,561

SCHEDULE - 6 INVENTORIES

(As Certified by the Management)

Raw Materials

75,70,661

61,49,743

Work in process

75,72,585

78,27,383

1,51,43,246

1,39,77,126

SCHEDULE - 7

SUNDRY DEBTORS

(Unsecured, Considered Good)

Outstanding for more than 6 months

45,67,591

52,72,120

Others

1,79,61,069

1,24,00,450

2,25,28,660

1,76,72,570

SCHEDULE - 8

LOANS AND ADVANCES

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

Advance Tax

-

53,07,025

Advance F B T

-

85,000

Advances to suppliers

19,80,254

40,79,183

Deposits

5,52,855

5,16,546

Other advances

2,50,637

2,06,591

27,83,746

1,01,94,345

SCHEDULE - 9

CASH AND BANK BALANCES

Cash on hand

1,15,282

52,490

Cash at Banks

10,67,900

1,84,797

Bank Deposits (Margin money)

5,80,280

27,13,832

17,63,462

29,51,119

ROSSELL TEA LIMITED

	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
SCHEDULE - 10		
CURRENT LIABILITIES		
TDS Payable	2,75,571	2,03,620
Other Liabilities	46,80,181	42,77,631
Sundry Creditors	4,71,649	6,86,511
	54,27,401	51,67,762
SCHEDULE - 11		
PROVISIONS		
Provision for Tax	16,751	53,43,477
Provision for Fringe Benefit Tax	-	93,120
	16,751	54,36,597
Schedules forming part of the Profit and Loss Account		
	Year ended 31.03.2010	Year ended 31.03.2009
	Rs.	Rs.
SCHEDULE - 12		
OTHER INCOME		
Interest Income	83,426	44,507
Miscellaneous Income	3,72,581	2,934
	4,56,007	47,441
SCHEDULE - 13		
INCREASE/(DECREASE) IN INVENTORY		
Opening Stock WIP	78,27,383	18,43,000
Closing Stock WIP	75,72,585	78,27,383
Decrease in Stock	(2,54,798)	59,84,383
SCHEDULE - 14		
MANUFACTURING EXPENSES		
Raw material Consumed		
Opening stock	61,49,743	67,50,350
Add: Purchases	1,96,19,677	92,27,623
	2,57,69,510	1,59,77,973
Less: Closing Stock	75,70,661	61,49,743
	1,81,98,849	98,28,230
Job works	3,67,708	71,222
Power and Fuel	3,34,696	3,02,095
Repairs and Maintenance -Machinery	1,32,197	1,89,914
Carriage Inward	11,197	1,14,972
	1,90,44,647	1,05,06,433

ROSSELL TEA LIMITED

	Year ended 31.03.2010 Rs.	Year ended 31.03.2009 Rs.
SCHEDULE - 15		
PAYMENT AND BENEFITS TO EMPLOYEES		
Salaries, Wages and other allowances	1,11,41,525	1,14,76,014
Gratuity	-	17,50,000
Staff Welfare Expenses	3,84,979	3,31,822
Contribution to provident and other funds	5,52,867	5,27,298
	<u>1,20,79,371</u>	<u>1,40,85,134</u>
SCHEDULE - 16		
ADMINISTRATIVE EXPENSES		
Rent	5,45,000	6,40,187
Rates and Taxes	35,529	1,65,614
Travelling and Conveyance	13,52,398	17,79,246
Printing and Stationery	68,957	1,84,980
Telephone charges	2,57,514	2,62,895
Postage and Telegrams	21,244	22,031
Late delivery charges	2,91,310	9,81,472
Discounts and Rebates	6,145	-
Professional Charges	64,950	1,18,195
Remuneration to Directors	11,72,284	23,42,333
General Expenses	89,517	23,882
Auditors Remuneration		
Audit Fee	25,000	25,000
Tax Audit Fee	25,000	25,000
Insurance	42,936	55,447
Building Maintenance	1,76,257	2,53,000
Vehicle Maintenance	1,76,166	1,95,072
Office Maintenance	2,30,549	2,60,545
Advertisement Expenses	18,044	54,420
Loss on Sale of Assets	-	33,398
Sales promotion	1,68,616	81,140
Value Added Tax	-	7,12,184
Consultancy charges	14,67,868	7,69,231
	<u>62,35,284</u>	<u>89,85,272</u>
SCHEDULE - 17		
FINANCIAL CHARGES		
Interest on Working Capital	5,20,519	7,55,227
Interest on Others	20,42,086	7,58,245
Bank Charges and Commission	1,96,596	1,79,746
	<u>27,59,201</u>	<u>16,93,218</u>

SCHEDULE – 18

ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010

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.

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 actuarial 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 31.03.2010 amounting to Rs. 5,920 has been credited to Profit and Loss Account and remaining balance is shown as Deferred Tax Liability in the Balance Sheet separately.
2. The Company has obtained non fund working capital facilities by way of Letter of Credit (LC)/ Bank Guarantee (BG) fully interchangeable limit of Rs. 90,00,000 (Rupees Ninety lakhs only) from HDFC Bank Limited, Kolkata, which is secured by hypothecation of current assets, viz. stock and debtors as well as moveable fixed assets of the Company under exclusive first charge and also by a Corporate guarantee provided by Rossell Tea Limited (Holding Company). The outstanding BGs as on 31.3.2010 against this limited was Rs. 2,89,000.
3. 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.

	2009-2010 Rs.	2008-2009 Rs.
A) Particulars of Raw Materials Consumed		
Value	1,81,98,849	98,28,230
B) Particulars of Turnover and Goods produced		
i. Opening Stock	1,39,77,126	85,93,350

ROSSELL TEA LIMITED

	31.03.2010	31.03.2009
	Rs.	Rs.
ii. Sales	3,47,32,337	2,04,41,658
iii. Closing Stock	1,51,43,246	1,39,77,126
C) Value of Imports on CIF basis	1,22,64,971	51,74,471
D) Value of Raw Material, Stores and Spares		
i. Raw Material		
a) Imported	1,22,53,774	50,59,499
b) Indigenous	73,65,903	41,68,124
ii. Stores & Spares		
a) Imported	NIL	NIL
b) Indigenous	NIL	NIL
3. Managerial Remuneration		

Particulars	For the year 31.03.2010	For the Year 31.03.2009
Managing Director		
Remuneration	5,30,640	9,52,242
Perquisites	NIL	NIL
Commission on Net profits	NIL	NIL
Directors		
Remuneration	6,41,644	1390091
Perquisites	NIL	NIL
Commission on Net profits	NIL	NIL
Total	11,72,284	23,42,333

4. Auditors Remuneration		
Statutory Audit Fee	25,000	25,000
Tax Audit Fee	25,000	25,000
5. Contingent Liabilities not provided for		
BGs outstanding from HDFC Bank Limited	2,89,000	Nil
BGs Outstanding from other banks	5,55,000	5,55,000
6. Expenditure in foreign currencies		
i. Raw Material	1,22,53,774	50,59,499
ii. Stores and Spares	Nil	Nil
7. Related Party Disclosure: (AS- 18)		
a) Name of the related parties .		
i. Holding Company	Rossell Tea Limited	
ii. Key Management Personnel	Chairman: Dr. S.S.Baijal, Managing Director: C. Damodar Reddy Directors: 1. P. V. Sanjay 2. AVM D. K. Sen 3. V. K. Gupta	

b) Aggregate Related Party disclosures for the Year 2009-2010.

Particulars	Holding Company			Key Management Personnel		
	Opening Balance	Net Transactions During the Year	Closing Balance	Opening Balance	Net Transactions During the Year	Closing Balance
Remuneration	—	—	—	—	11,72,284	11,72,284
Loans	94,16,878	1,70,29,956	2,64,46,834	1,03,69,397	1,06,471	1,04,75,868

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 PAVULURI & CO.

Chartered Accountants

CA.P.A. RAMAIAH

Partner

Place: Hyderabad

Date: 15.05.2010

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

<u>TEA ESTATES</u>	<u>Tea Bearing Area in Hectares</u>	<u>Crop (Kgs.) 2009-2010</u>	<u>Yield per Bearing Hectare</u>
DIKOM	608	13,33,227	2,193
NOKHROY	314	7,39,202	2,354
NAGRIJULI	553	10,70,820	1,936
BOKAKHAT	300	5,05,607	1,685
ROMAI	312	7,06,760	2,265
TOTAL	<u>2,087</u>	<u>43,55,616</u>	<u>2,087</u>

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 SIXTEENTH ANNUAL GENERAL MEETING of the Company at Gyan Manch, 11, Pretoria Street, Kolkata-700 071 at 3.30 p.m. on Thursday, the 29th July, 2010.

.....
Full name of the Shareholder No. of Shares held Signature
(in block capitals)

Folio No. / DP ID No. * & Client ID No.*
* Applicable for members holding shares in electronic form.

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

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

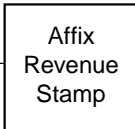
REGISTERED OFFICE : JINDAL TOWERS, BLOCK 'B' 4TH FLOOR
21/1A/3, DARGA ROAD, KOLKATA 700 0017

PROXY FORM

I/We
of being a 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 Sixteenth Annual General Meeting of the Company to be held on Thursday, the 29th July, 2010 at 3.30 p.m. and at any adjournment thereof.

Dated this day of 2010.

Signed by the said _____



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.

