

## Directors' Report

Your Directors have pleasure in presenting their Thirty-fourth Annual Report to the Members together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2011 :

### FINANCIAL RESULTS

	Current Year (` in 000's)	Previous Year (` in 000's)
Profit before Depreciation and Taxation	410998	429823
Less: Depreciation and Amortisation	<u>93475</u>	<u>88301</u>
Profit before Taxation	317523	341522
Provision/(Credit) for Corporate Taxation		
Current Tax	115000	120000
Deferred Tax	<u>(3518)</u>	<u>(1225)</u>
Profit after Taxation	206041	222747
Balance brought forward from Previous Year	<u>449287</u>	<u>226540</u>
Balance carried to Balance Sheet	<u>655328</u>	<u>449287</u>

### AUDITORS' REPORT

The Branch Auditors of the Company, Messrs B. M. Chatrath & Co., in respect of Travels Division, have submitted their Audit Report to the Statutory Auditors, Messrs Price Waterhouse who have submitted their Report under Section 227 of the Companies Act, 1956 and the comments made by the Auditors in their Report have been adequately dealt with in the relative Notes on Accounts which are self explanatory.

For the year ended 31<sup>st</sup> March 2010 the Cost Audit in respect of its Tea operations had been completed by Messrs. Shome and Banerjee, Cost Accountants. The Cost Audit Report had been submitted by the Cost Auditors to the appropriate Authorities on 22.09.2010, the due date of submission of which had been 27.09.2010.

### ACCOUNTING POLICIES AND PROCEDURES

The major accounting policies as narrated in the Notes on Accounts in Schedule 18 in conformity with the Accounting Standards which have been specified in the Companies Act, 1956 and the Rules framed thereunder as applicable to the Company have been followed as usual in course of preparing and presenting these Accounts.

Your Company continues to have an adequate internal audit system carried out by external firms of Chartered Accountants who submit their Reports upon completion of Audit for consideration by the Directors.

## Directors' Report (Continued)

## RESUMÉ OF PERFORMANCE

Your Directors are pleased to report satisfactory performance of the Company for yet another year. The total income of the Company has increased to ` 213.03 Crores from that of ` 202.68 Crores of the previous year. Such increase has been primarily for increase in realisations, both domestic as well as overseas. Your Company's emphasis on quality continued to attract better prices for its produce. However, increasing rise in input costs has had its effect on profitability.

The Company's operating businesses are organized and managed separately according to the nature of products and services. The Company has a separate smaller business segment denoted as Warren Travels, which earned an income of ` 0.74 Crores during the year .

## Crop

Your Company's saleable crop was recorded at 14.27 Million Kgs. as compared to the previous year's production of 14.10 Million Kgs.

Comparative Crop figures during the past five years are given below :

Year Ended on	Saleable Crop In Million Kgs.
31.3.2011	14.27
31.3.2010	14.10
31.3.2009	14.70
31.3.2008	14.32
31.3.2007	15.17

## Sales

Proceeds from sale of tea amounted to ` 208.37 Crores for the year under review as against ` 198.74 Crores in the previous year.

## Quality

Your Company continues in its emphasis on the production of its own crop only, with focus on quality. This policy has again benefited your Company to fetch relatively attractive prices both in the domestic and foreign markets. The manufacture of quality teas has been maintained through implementation of best suited agricultural practices.

Your Directors continue to recognise the attributes of Tea as a Health Drink. All fourteen Tea Estates of your Company continue to be HACCP (Hazard Analysis of Critical Control Points) certified as well as being participants of the ETP ( Ethical Tea Partnership) Programme. Your Company also continues to lay emphasis on the critical issues of Maximum (Permissible Chemicals) Residue Limits (MRLs) and ensures compliance with stringent international as well as Indian standards at all its estates.

## Directors' Report (Continued)

### Exports

The Company's exports for the year were less than that of the previous year which was on account of substantial shortfall in crop during quality production months stemming from excessive rain and pest attacks.

### Employees' Welfare

Your Company has always espoused the principles which encompass welfare, health and safety of the employees at all levels. Employees' health and well-being continue to be priority areas. The infrastructure in the areas of welfare schemes, health, hygiene, education and water supply is being further upgraded. Your Company has continued with its programmes for overall development in the fields of education, culture and welfare activities and to improve the general standard of living in and around the tea estates of the Company. Welfare Week Programmes continued to be carried out in all the Company's tea estates as part of its efforts to improve the quality of life of the Company's most valuable assets i.e. its employees and their families.

### Personnel

The strength of your Company lies in its team of competent and motivated personnel. This has made possible for your Company to sustain and develop in all areas of its functioning. Industrial relations with employees remained cordial and satisfactory during the year under review, at all levels in Assam and Kolkata. The employees have from time to time taken up the challenge to improve upon the performance through efficiency, productivity and economy. Your Directors are happy to place on record their sincere appreciation to all employees for their unstinted efforts and contribution.

Approval of Shareholders in terms of Section 314 of the Companies Act, 1956 is being sought at the ensuing Annual General Meeting for increase of remuneration of Mr Vivek Goenka, Executive Director, son of Mr Vinay K. Goenka, Executive Chairman of the Company.

### Prospects

Your Company's focus is on long term sustainability and improvement, particularly in the plantation operations keeping in mind its need to improve on yields and productivity in its estates.

Your Company is cautiously optimistic about the tea market in the coming year; it stands at a favourable juncture for enhanced profitability in the coming years with its factories producing quality teas. However, this needs to be viewed against the backdrop of steady escalation in the cost of major inputs including employee related expenses and subject always to the effects of vagaries of nature in an agro industry.

## SHAREHOLDERS

Your Company needs to carry on with its programme of continuing investment in its estates with an eye on sustainable development and improvement. Thus, keeping the long term welfare of your Company and its Shareholders in mind, your Directors have considered it prudent to conserve benefits this year also and therefore in spite of having earned profits in the year under review, it has been considered judicious by your Directors not to recommend a dividend for the year.

During the year under review, pursuant to a restructuring exercise carried out under the relevant laws of the United Kingdom, Warren Tea Holdings Limited ceased to be the Company's holding company consequent upon the shares held by it in the Company having stood transferred to other entities.

## Directors' Report (Continued)

## PARTICULARS OF EMPLOYEES

Particulars of employees as required to be disclosed under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are annexed.

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

## Conservation of Energy

Information pertaining to conservation of energy as required under Section 217(1)(e) of the Companies Act, 1956, including Form A specified under the above Rules, is given in Annexure 'A'.

## Technology Absorption

Information pertaining to technology absorption in Form B specified under the above Rules is also given in Annexure 'A'.

## Foreign Exchange Earning &amp; Outgo

Activities relating to exports : The Company continues to pursue its activities in exporting teas to UK, Germany, Netherlands, U.S.A, Pakistan, and the Middle East and new customers has been added to the existing overseas buyers portfolio during the year under review.

Initiatives taken to increase exports : Your Company continues with its focus on quality in its endeavour to cater to quality conscious markets for both Orthodox and CTC teas.

Your Company's Integrated Management Policy relating to pesticides, fertilizers and other agro inputs in conformity with both domestic and global norms continues as before.

All fourteen estates of your Company continue to be HACCP certified as well as being participants of the Ethical Tea Partnership Programme.

Development of new export markets for products and services: Your Company has initiated steps to explore new markets in addition to developing existing ones.

Export plans : Your Company continues in its efforts with a view to increasing its exports to existing buyer countries as well as to explore new countries where exports could be effected in future.

Company's exports were lower in comparison to the previous year on account of substantial crop loss during quality production months due to excessive rain and pest attacks.

Total Foreign Exchange	- Earned (Gross)	: ` 9.06 Crores
	- Used	: ` 0.66 Crores

## CORPORATE GOVERNANCE

In compliance with the disclosures required under the said Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report is provided in Annexure 'B'.

The Report on Corporate Governance as required under the aforesaid Clause is also provided in Annexure 'C' to this Report, together with the Declaration affirming compliance with the Code of Conduct of the Company and Auditors' Certificate on Compliance with the conditions of Corporate Governance.

Directors' Report (Continued)

**DIRECTORS' RESPONSIBILITY STATEMENT**  
(Pursuant to Section 217 (2AA) of the Companies Act, 1956)

Your Directors confirm that the items of Directors' Responsibility Statement given below have long been practised in course of running of the Company. However, as a means of adequate compliance of the statutory requirements the Directors re-assert that :

- (i) The Accounting Standards as applicable to your Company and corroborated by the Companies Act, 1956 have been followed in course of preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2011 and there has been no material departure to warrant further explanation.
- (ii) In keeping with the Company's practices, accounting policies have been followed in course of the Annual Accounts for the year ended 31<sup>st</sup> March, 2011, so as to exhibit a true and fair view of the state of affairs of the Company and of the profit for that period as have also been certified by the Statutory Auditors of the Company.
- (iii) The Statutory Auditors' Report does confirm in regard to adequate controls and internal audit systems being followed by the Company in course of running its affairs as also for maintenance of its assets. Your Directors take every caution to relate such control measures to the benefit of the Company and with a view to prevent any fraud or irregularities to creep in.
- (iv) The Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2011 have been prepared on a going concern basis as hitherto.

**DIRECTORATE**

During the year under review Mr. S. Bhoopal and Dr.S.Sarma were included as members of the Shareholders' Grievance and Share Transfer Committee.

During the year under review Mr. N. Musry stepped down as a Director of the Company on account of his other preoccupations. Your Directors place on record their gratitude and appreciation for the services rendered by Mr. Musry during his tenure as a Director for nearly three decades.

Mr.S. K.Ghosh's term of office as Managing Director of the Company expired on 31<sup>st</sup> March, 2011. At a Meeting of the Board of Directors of the Company held on 30<sup>th</sup> May, 2011 he was reappointed as Managing Director for a further period of three years from 1<sup>st</sup> April, 2011, subject to the approval of the Members of the Company.

In accordance with Article 99 of the Articles of Association of the Company, Mr. S. Bhoopal and Mr. P. K. Bose retire by rotation and being eligible, offer themselves for reappointment.

**AUDITORS**

Messrs Price Waterhouse and Messrs B. M. Chatrath & Co., Chartered Accountants, Auditors and Branch Auditors respectively retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

During the year under review Messrs. Shome & Banerjee, Cost Accountants were re-appointed with the approval of the Central Government for audit of Cost Accounts maintained by the Company in respect of Plantation Products for the year ended 31<sup>st</sup> March, 2011.

Kolkata  
30<sup>th</sup> May, 2011

Directors

## Annexure to the Directors' Report

Name	:	Goenka Vinay K.
Designation	:	Executive Chairman
Gross Remuneration ( ` In 000's)	:	7145
Qualification	:	B.Sc. (Botany )
Experience (Years)	:	34
Age (Years)	:	53
Date of Commencement of Employment	:	19.04.83
Last Employment held before Joining the Company Organisation	:	The Eriabarie Tea Co. Pvt. Ltd.
Designation	:	Senior Executive

- Notes :
- (1) The gross remuneration shown above is subject to tax and comprises salary, commission, allowance, monetary value of perquisites evaluated as per Income Tax Rules, Company's contributions to Provident Fund, Superannuation and Gratuity Funds subject to the relative Fund Rules.
  - (2) Mr. Goenka's appointment is contractual.
  - (3) Mr. Goenka holds more than 2% of the Equity Shares of the Company.
  - (4) Mr. Goenka is related to Mr. A. K. Ruia, Chairman of the Company.

Kolkata

Directors

30<sup>th</sup> May, 2011

## Annexure 'A' to the Directors' Report

Information as per Section 217 (1) (e) of the Companies Act, 1956

### Conservation of Energy

Your Directors as a matter of requirement and good governance, have always had an eye on and are concerned about consumption of energy as it is one of the major components of the manufacturing cost. With the escalation of costs day by day, proper monitoring of Energy Consumption has become increasingly important. Unnecessary use of energy not only increases the cost but also contributes to national waste. By controlling and reducing wastage of energy and using it more efficiently, there is a potential of saving energy as well as valuable resources of the Company. Your Directors having an eye on reducing unnecessary expenditure and also being a believer of good governance have always sought to conserve energy by various conservation measures, particulars of which are provided hereunder.

#### a) Energy conservation measures taken

Maintaining Optimum Power Factor has been one of the major thrust areas in all the estates of your Company. The power factor is monitored strictly thus leading to lesser losses during transmission of power to the prime mover and hence saving in energy bills. Power Transformers and Capacitors are regularly monitored strictly for their better performance thus reducing power consumption through Grid. The domestic consumption of power is regulated with the use of proper metering devices in all the estates of your Company, to ensure measured use of the energy available whereby cost is minimized without affecting operations. Your Company has also taken necessary regulatory energy saving measures to ensure beneficial use of energy, like replacement of old and outdated engines and equipment wherever required with new fuel efficient equipment giving higher output with less energy consumption.

The Company has also taken necessary regulatory energy saving measures to ensure beneficial use of energy like introduction of 250 KVA Gas Genset in place of the old and inefficient 250 KVA Gas Genset for better fuel economy and enhanced efficiency. Your Company has also taken additional measures such as re-layout of the CTC sorting systems in some of its Tea Estates for increasing their efficiency. Layouts designed so as to maximize the use of conveyors in sorting directly result in reducing running hours and also minimize idle time of the machines, thus increasing the output and subsequently lesser consumption of electrical power. Some of the older sorting machines have been replaced by newer efficient machines.

#### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

Additional investments and proposals include introduction of new and efficient Vibro Bed Dryer and Continuous Fermenting Machine for upliftment of production output and to reduce longer operational hours thereby leading to savings in electrical power consumption and mandays. New energy efficient troughs in replacement of older ones are also under construction.

Your Company has installed new bank of CTC in place of old CTC bank which will improve the production output and lead to lesser power consumption. Building of new concrete fermenting beds at some of its Tea Estates will also have better process control. New more energy efficient rolling tables have also been introduced which are with higher outputs. Keeping in mind efficient energy consumption, your Company works in tandem with the State Electricity Board for upgradation and maintenance of overhead power transmission lines for better availability of Grid Power.

#### c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

Strict control on energy conservation with a view to maintain direct control on fuel efficiency for all equipment have resulted in reduction in energy consumption. Continued efforts to devise new systems and implement modernized methods has improved the overall energy consumption at factories without affecting operations as well as performance of machinery and other equipment.

## Annexure 'A' to the Directors' Report (Continued)

## Form for disclosure of particulars with respect to Conservation of Energy

## FORM A

(A) Power and Fuel consumption		Current	Previous	
1. Electricity		Year	Year	
(a) Purchased				
Units	('000KWH)	8438	7797	
Total Amount	(` '000)	56553	52358	
Rate/Unit	(` /KWH)	6.70	6.72	
(b) Own Generation				
i) Through Diesel Generator				
Units	('000KWH)	1555	1864	
Units per ltr.of Diesel Oil	(KWH)	2.85	2.97	
Fuel Cost/Unit	(` /KWH)	13.29	11.23	
ii) Through Natural Gas Generator				
Units	('000KWH)	3819	3839	
Units per Scm of Gas	(KWH)	1.18	1.22	
Fuel Cost/Unit	(` /KWH)	5.04	2.52	
2. Coal	(MT)	-	-	
3. Furnace Oil for Tea Processing in Withering & Drying				
Quantity	(K.Ltrs)	34	30	
Total Amount	(` '000)	1284	1057	
Average Rate	(` /K.Ltr.)	38035	35077	
4. Others/Internal Generation				
(a) Natural Gas : for Tea Processing in Withering & Drying				
Quantity	('000Scm)	11234	11321	
Total Cost	(` '000)	66934	39515	
Rate/Unit	(` /Scm)	5.96	3.49	
(b) H.S.D.Oil: for Transport & Material Handling, etc.				
Quantity	(K.Ltrs)	330	325	
Total Cost	(` '000)	12521	10849	
Rate/Unit	(` /K.Ltr.)	37895	33367	
(c) Petrol : for Transport & Material Handling, etc.				
Quantity	(K.Ltrs)	69	74	
Total Cost	(` '000)	3808	3429	
Rate/Unit	(` /K.Ltr.)	54816	46105	
(d) L.P.G.(for domestic use at Gardens)				
Quantity	(Cylinder)	10970	11069	
Total Cost	(` '000)	3726	3434	
Rate/Unit	(` /Cylinder)	340	310	
(B) Consumption per unit of production (Including energy used for Domestic purposes at Gardens)		Standards (Estimated)		
Products - Tea (Gross Production)	('000 Kgs)	-	14534	14421
Electricity	(KWH/Kg)	0.90	0.95	0.94
Furnace Oil	(Ltr/Kg)	0.001	0.00232	0.00209
Others : Natural Gas	(Scm/Kg)	0.77	0.77	0.79
H.S.D.Oil	(Ltr/Kg)	0.018	0.023	0.023
Petrol	(Ltr/Kg)	0.003	0.005	0.005
L.P.G.	(Cylinder/Kg)	0.0008	0.0008	0.0008



## Annexure 'A' to the Directors' Report (Continued)

## FORM B

Form for disclosure of particulars with respect to absorption

## RESEARCH AND DEVELOPMENT (R &amp; D)

1. Specific Areas in which R & D carried out by the Company
2. Benefits derived as a result of the 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 a percentage of total Turnover

The Company  
 Subscribes to Tea  
 Research Association  
 which is registered  
 under Section 35(1)(ii)  
 of the Income Tax Act,  
 1961

Apart from contributing to Tea Research Association, the Company also undertakes various kinds of its own Research and Developmental activities which at present are in the following ways:

- a) Clonal selection is in process at all gardens of the Company in order to specialize in uniform clonal planting materials which are regularly manufactured and tested in a miniature factory located at one of the properties of the Company.
- b) The Company treats Tea as a Health Drink and has already established its own Integrated Pest and Weed Management practices (WIPWM) with a view to make the tea available in accordance with the toughest norms of MRL.
- c) All factories of the Company are HACCP certified and have established new neat work culture for manufacture of tea which has also been recognized by the appropriate authorities.
- d) Soil preservation has been identified to be one of the important areas and the Company has undertaken necessary steps to improve the soil status not only by application of organic materials but also in the mode of utilization of chemical fertilizers.
- e) In order to improve the productivity of Orthodox teas, the entire sorting system has been made 'on-line' which improves the quality of the product and also reduces the requirement of energy and manpower.
- f) The Company has improvised further its tea drying system in manufacturing CTC teas.
- g) The Company recognizes human resources as one of its important assets and continues with development of such resources at all levels.
- h) The Company has also developed the process to bring up the younger teas to yield maximum benefits within a shorter period of time.
- i) The Company has also taken in hand research activities for composite plants by way of grafting which could be used for future planting activities of the Company.

## Annexure 'A' to the Directors' Report-Form B (Continued)

## 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, product 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 therefor, and future plans of action

Not Applicable

Annexure 'B' to the Directors' Report

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Clause 49 of the Listing Agreement with the Stock Exchanges stipulates disclosure under specific heads which are given in the following paragraphs and which continue to be followed in the usual course of the Company's business over the years in discussions amongst the Directors and other Senior Management Personnel.

(a) Industry Structure and Developments

Tea Industry in India is nearing the two century mark. It is the second largest tea producer in the world, providing employment opportunities, both direct and indirect to more than a million people, the vast majority of whom come from the less privileged sections of society.

There is increasing thrust on governance in agricultural practices relating to production of tea. Manufacturers are intently looking at the qualitative aspects whilst seeking to improve on volumes of the produce.

However, the Tea Industry continues to be essentially labour intensive, since it is still the nimble fingers which can best pluck the two leaves and a bud. Cost of major inputs continue to rise considerably resulting in cost of producing tea in India remaining to be the highest in the world.

(b) Opportunities and threats

Your Company maintains the standards of its produce both in the domestic as well as overseas markets, mainly on account of its consistent thrust on quality. This, coupled with general market trends, has helped the Company in improving its realisations during the year in spite of lower exports on account of substantial crop loss during quality production months due to excessive rain and pest attacks. Tea being increasingly considered to be a health drink globally, its demand continues to grow providing opportunities to the tea industry to offer improved and varied choices to the consumers. However, being an agro based industry, it is essentially subject to the vagaries of nature which at times can severely affect production.

(c) Segment-wise or Product-wise Performance

The Company's operating businesses are organized and managed separately according to the nature of products and services. The Company has a separate smaller business segment denoted as Warren Travels, the income of which contribute to the overall performance .

(d) Outlook

The positive trend of the last couple of years indicates a bright outlook for the current year. The Company's steady emphasis on quality as well as production together with increase in consumption of tea in general is expected to yield improved results . As always, the Company's focus on quality together with optimum agricultural practices signals improved performance in the coming years.

## Annexure 'B' to the Directors' Report (Continued)

## (e) Risks &amp; Concerns

Tea is an agricultural crop and like all such crop, weather conditions significantly impact production one way or the other. As a commodity, tea continues to be affected by the interplay of demand and supply dynamics which directly influence prices. Your Directors continue in their emphasis on both 'quality' and 'quantity' of teas. Despite best efforts, unfavourable climatic conditions and unpredictability in the market-place may influence outcome.

## (f) Internal Control Systems &amp; their Adequacy

The Company has in place adequate systems of internal control procedures commensurate with the Company's size and nature of its operations. The objective of these procedures are to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding of assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

The statutory requirements of Audit Committee are being met. In meetings of the Audit Committee, the Statutory Auditors, Cost Auditors and Internal Auditors participate. All the Auditors periodically visit various units of the Company. Preparation of activity plans, identification, categorisation of the areas of risks are closely looked at the estate level and thereafter undergo a further scrutiny and implementation under superintendence of top level Management of the Company. Budgetary and other control measures continue to be observed for monitoring plantation and other activities with a view to improving performance.

## (g) Financial &amp; Operational Performances

Details relating to the Company's financial position are available in the Accounts for the year during which the total turnover increased to ₹ 213.03 Crores which is attributable mainly to improved price realisations which again is the result of the Company's consistent efforts of good governance practices in production and manufacture of tea including its continued focus on quality. The Company looks forward to further improvements in the future thereby strengthening its sound financial base.

## (h) Material Developments in Human Resources / Industrial Relations Front

Tea Industry is essentially labour intensive and the Company's employees are its most valuable assets. The welfare and development of its employees in various ways continues to be in focus. Despite an employee strength of around thirty thousand, industrial relations have remained cordial and satisfactory during the year under review. Diverse welfare measures including Welfare Week Programmes continue to be carried out in all the tea estates of the Company.

## Annexure 'C' to the Directors' Report

## REPORT ON CORPORATE GOVERNANCE

## 1. Company's Philosophy on Code of Governance :-

The Company continues to lay utmost importance on continuous upliftment of human assets as well as economic assets like Plantations and also to improvements in the factories. The Governing codes consistently followed by the Company have made its product well acceptable to buyers, both in India and abroad. The labour and management practices are also followed rigorously within the limits of law so as to aim at the fullest economic utilisation of resources. The Company further believes that such practices are founded upon the core value of transparency, empowerment, accountability, independent monitoring and environmental consciousness. The Company observes ethical practices in all its operations.

## 2. Board of Directors : -

The Board of Directors at present comprises a Non-executive Chairman, two Executive Directors designated as Executive Chairman and Managing Director, and four Non-executive Directors. The particulars of the Directors for the year ended on 31<sup>st</sup> March, 2011 are given hereunder :-

Name	Category	Attendance		Directorships in other companies	Committee Positions in other companies	
		At Board Meeting	At last AGM		As Chairman	As Member
Mr. A. K. Ruia	Chairman (Non-Executive)	-	No	1	-	-
Mr. Vinay K. Goenka	Executive Chairman	7	Yes	1	1	1
Mr. P.K. Bose	Vice-Chairman Non-Executive Independent Director	5	No	1	-	-
Mr. S. K. Ghosh	Managing Director	7	Yes	1	1	1
Mr. N Musry (upto 11.02.2011)	Non- Executive Director	-	No	-	-	-
Mr. S. Bhoopal	Non-Executive Independent Director	6	Yes	4	-	-
Mr. N. Dutta	Non-Executive Independent Director	3	Yes	-	-	-
Dr. S. Sarma	Non-Executive Independent Director	6	No	-	-	-

## Notes :

- i) Mr.A.K.Ruia and Mr.Vinay K.Goenka are brothers-in law. Other than that there is no inter-se relationship between any of the Directors of the Company.
- ii) Directorships in other companies excludes Directorships in private limited companies, companies incorporated outside India and companies under Section 25 of the Companies Act, 1956.
- iii) Committee Positions in other companies relate to Chairmanship /Membership of Audit and Investors'/ Shareholders' Grievance Committees only.

## Annexure 'C' to the Directors' Report (Continued)

During the year under review, seven Board meetings were held on 28<sup>th</sup> April, 2010, 27<sup>th</sup> May, 2010, 30<sup>th</sup> July, 2010, 27<sup>th</sup> August, 2010, 20<sup>th</sup> September, 2010, 29<sup>th</sup> October, 2010 and 11<sup>th</sup> February, 2011 .

## 3. Audit Committee : –

The Audit Committee consists of three independent Non-executive Directors who are persons of high standing in the industry and have the requisite experience and expertise to carry out their obligations at meetings of the Committee at which the Whole-time Directors provide the necessary inputs.

The terms of reference of the Audit Committee include :-

- a) review internal control systems; nature and scope of audit as well as post audit discussions;
- b) review quarterly, half-yearly and annual financial statements with particular reference to matters to be included in the Directors' Responsibility Statement to be included in the Board's Report;
- c) ensure compliance with internal control systems;
- d) recommend to the Board on any matter relating to financial management, including audit report;
- e) oversee Company's financial reporting process and disclosure of financial information;
- f) review performance of statutory and internal auditors.

During 2010-2011 the Audit Committee met on 28<sup>th</sup> April, 2010, 27<sup>th</sup> May, 2010, 30<sup>th</sup> July, 2010, 20<sup>th</sup> September, 2010, 29<sup>th</sup> October, 2010 , and 11<sup>th</sup> February, 2011.

Composition of the Audit Committee during the year 2010-2011 :-

Name	Position held	No. of Meetings	
		Held	Attended
Mr. S. Bhoopal	Chairman	6	5
Mr. N. Dutta	Member	6	2
Dr. S. Sarma	Member	6	6

Invitees : The Executive Chairman , Managing Director and the representatives of the Statutory, Cost and Internal Auditors were invited and generally remained present at the meetings of the Audit Committee during the year under review.

The Executive Director (Legal) & Company Secretary acts as the Secretary to the Committee.

## Annexure 'C' to the Directors' Report (Continued)

## 4. Remuneration Committee :-

No Remuneration Committee has been formed pursuant to Clause 49 of the Listing Agreement. However, a Remuneration Committee has been constituted in accordance with Schedule XIII to the Companies Act, 1956 to consider and approve the Managerial Remuneration consisting of the salary and perquisites to be paid to the Executive Directors in accordance with their respective terms of employment. The Remuneration Committee comprises Mr. S. Bhoopal, Mr. N. Dutta and Dr. S. Sarma, with Mr. S. Bhoopal as Chairman. The Committee met once during the year on 27<sup>th</sup> May, 2010 (attended by Mr. S. Bhoopal, Dr. S. Sarma and Mr. N. Dutta).

Details of remuneration paid to the Executive Directors during the year under review are given below:-

	(Rupees in 000's)	
	Mr. Vinay K. Goenka (Executive Chairman)	Mr. S. K. Ghosh (Managing Director)
Salary	2040	960
Contributions to Provident and Other Funds	367	173
Commission	2040	960
Other Benefits	2698	1790
Total	7145	3883

The Service Agreement with Mr. Vinay K. Goenka, Executive Chairman of the Company for a period of 3 years with effect from 1<sup>st</sup> April, 2010 was approved by the shareholders at the Annual General Meeting held on 27<sup>th</sup> August, 2010. The Company also had a separate Service Agreement with Mr. S. K. Ghosh as Managing Director of the Company, for a period of 3 years with effect from 1<sup>st</sup> April, 2008 (approved by the shareholders at the Annual General Meeting held on 19<sup>th</sup> September, 2008) which expired on 31<sup>st</sup> March, 2011. A new Service Agreement with Mr. S. K. Ghosh as Managing Director of the Company for a period of 3 years with effect from 1<sup>st</sup> April, 2011, shall be entered into by the Company with Mr. Ghosh after obtaining requisite approval of the shareholders which is being sought at the ensuing Annual General Meeting.

There is no severance compensation other than six months' remuneration in absence of any notice, the notice period being 6 months in writing. The Executive Directors are not entitled to any Stock Option or Performance Linked Incentive.

Only sitting fees for attending the meetings of the Board and Committees thereof are paid to the Non-Executive Directors.

Particulars of sitting fees paid to the Non-Executive Directors during the year under review are given below:-

Name	(Rupees in 000's)		
	Board Meetings	Committee Meetings	Total
Mr. A. K. Ruia	-	-	-
Mr. P. K. Bose	10	6	16
Mr. S. Bhoopal	12	16	28
Mr. N. Dutta	6	6	12
Dr. S. Sarma	12	18	30

None of the Non-executive Directors hold any shares in the Company, except Mr. P. K. Bose, who holds 7 Equity Shares in the Company.

The Company has not issued any convertible instruments.

Annexure 'C' to the Directors' Report (Continued)

5. Shareholders' Grievance and Share Transfer Committee :-

This Committee is composed of five Directors viz Mr. P. K. Bose, as the Chairman, Mr. Vinay K. Goenka, Mr. S.K. Ghosh, Mr. S.Bhoopal and Dr.S.Sarma as Members. Mr Bhoopal and Dr Sarma were included with effect from 27<sup>th</sup> August, 2010.

The Committee had met three times during the year.

Share Transfer formalities are complied with once a fortnight, the power to approve the same being delegated jointly and severally to Mr. Vinay K. Goenka and Mr. S. K. Ghosh.

Mr. Siddhartha Roy, Executive Director (Legal) & Company Secretary is the Compliance Officer.

E-mail ID pursuant to Clause 47(f) of the Listing Agreement with the Stock Exchanges:  
[investors@warrentea.com](mailto:investors@warrentea.com)

Status of Investors' Complaints as on 31<sup>st</sup> March, 2011 :-

No. of complaints received during the year and dealt with	:	4
No. of complaints pending	:	1
No. of pending share transfers as on 31 <sup>st</sup> March, 2011	:	Nil

During the year under review 76 requests for transfer of shares in physical form and 365 requests for dematerialisation of shares were received and processed.

6. General Body Meetings :-

Location and time where last three Annual General Meetings were held :-

Date	Location	Time
19th September, 2008	G. S. Ruia Memorial Complex at Deohall Tea Estate, P.O. Hoogrijan, Dist. Tinsukia, Assam 786 601	4.00 P M
4 <sup>th</sup> September, 2009	Same as above	11.30 A M
27 <sup>th</sup> August, 2010	Same as above	11.30 A M

A Special Resolution was passed in the Annual General Meeting held on 19.09.2008 for reappointment and remuneration payable to Mr.S.K.Ghosh as Managing Director of the Company.

No Special Resolution was passed at the Annual General Meetings held on 4<sup>th</sup> September, 2009 and 27<sup>th</sup> August, 2010.

No Special Resolution was passed last year through postal ballot.

Resumé and other information on the Directors appointed or re-appointed as required under Clause 49IV(G) (i) of the Listing Agreement is given in the Notice of the Annual General Meeting annexed to the Annual Report for the year under review.



## Annexure 'C' to the Directors' Report (Continued)

## 7. Disclosures :-

- a) Materially significant related party transactions : The Company has not entered into any transactions of material nature with its Promoters, Directors, the management, subsidiary companies or relatives, etc. that may have potential conflict with its interest during the year under review. However, the list of related party relationships or transactions as required to be disclosed in accordance with Accounting Standard 18 as provided in the Companies (Accounting Standards) Rules, 2006 has been given in Notes on Accounts in Schedule 18 to the Annual Accounts for the year ended 31<sup>st</sup> March, 2011.
- b) No penalties/strictures were imposed on the Company by any regulatory authority for non-compliance of any laws or any matter relating to capital markets during the last three years.
- c) The Company has complied with all the mandatory requirements of Sub-clauses I to VII of Clause 49 of the Listing Agreement. The Company continues in its efforts on improvement, consolidation and documentation of methods of internal control for financial reporting and its effectiveness. Insofar as the non-mandatory requirements are concerned, some of such requirements such as Constitution of the Remuneration Committee, presence of all members of that Committee at its Meeting, attendance of Chairman of that Committee at the Company's Annual General Meeting as well as administrative norms with regard to inter-personnel relationships are already being followed by the Company.

## 8. Means of Communication :-

- a) In compliance with Clause 41 of the Listing Agreement the Company regularly intimates unaudited half yearly and quarterly results after Limited Review by the Statutory Auditors as well as the audited annual results to the Stock Exchanges after they are taken on record by the Board of Directors.
- b) Such results are also published in newspapers namely, Sentinel and Ajir Asom, having wide circulation in Assam, where the Registered Office of the Company is situate and Business Standard (Kolkata).
- c) Company's website: [www.warrentea.com](http://www.warrentea.com).  
Results are also sent to the Stock Exchanges for display on their website.
- d) No presentations have been made to institutional investors or to the analysts.
- e) The document on Management Discussion and Analysis Report forms a part of the Annual Report.

## 9. General Shareholder Information :-

## a) AGM date, time and venue :

9<sup>th</sup> , September, 2011 at the G. S. Ruia Memorial Complex : Deohall Tea Estate,  
P O – Hoogrijan, Dist.- Tinsukia, Assam 786 601 at 11.30 a.m.

b) Financial Year: 1<sup>st</sup> April to 31<sup>st</sup> March.c) Book closure Period : 1<sup>st</sup> September, 2011 to 9<sup>th</sup> September, 2011, both days inclusive.d) Dividend payment date : No dividend has been recommended for the year ended 31<sup>st</sup> March, 2011.

## e) Listing on Stock Exchanges and Stock Codes : The shares of the Company are listed with the Stock Codes at the Stock Exchanges given hereinbelow :

## Annexure 'C' to the Directors' Report (Continued)

<u>Stock Exchange</u>	<u>Stock Code</u>
(i) The Gauhati Stock Exchange Limited 2 <sup>nd</sup> Floor, Shine Tower Sati Jaymati Road Arya Chowk, Rehabari Guwahati 781 008.	L/575
(ii) The Calcutta Stock Exchange Association Limited 7, Lyons Range, Kolkata 700 001	33002
(iii) Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai 400 023.	508494

Listing Fees as prescribed have been paid to all the aforesaid Stock Exchanges upto 31<sup>st</sup> March, 2012.  
Demat Code No. allotted by NSDL & CDSL : INE712A01012

## f) Stock Price Data :

Year 2010-2011	( Rupees)					
	Bombay Stock Exchange Limited		The Gauhati Stock Exchange Limited		The Calcutta Stock Exchange Association Limited	
	High	Low	High	Low	High	Low
April, 2010	216.00	157.55	No Trade		No Trade	
May, 2010	194.95	144.00				
June, 2010	168.65	147.00				
July, 2010	172.00	149.85				
August, 2010	164.70	149.00				
September, 2010	176.00	150.20				
October, 2010	205.00	159.15				
November, 2010	200.50	165.50				
December, 2010	212.70	151.00				
January, 2011	210.00	161.00				
February, 2011	231.00	193.15				
March, 2011	264.40	223.00				

## g) Stock Performance:

Share Price Performance in comparison to BSE SENSEX : (April, 2010 to March, 2011) –

Company's Share Price on : 01.04.2010 – ` 160.20 (Open) (BSE)  
31.03.2011 – ` 252.65 (Close) (BSE)

Change 57.71%

Indices : on 01.04.2010 – 17,527.77 (Open)  
on 31.03.2011 – 19445.22 (Close)

Change : 10.94%

## h) Share Transfer System :

Share transfers are registered within a maximum period of 30 days from the date of receipt, provided, the documents are complete in all respects. The shares of the Company are compulsorily traded in dematerialised form for all shareholders with effect from 28<sup>th</sup> August, 2000.

## Annexure 'C' to the Directors' Report (Continued)

## i) Dematerialisation of shares &amp; liquidity :

EIH Ltd. at 4 Mangoe Lane, Kolkata 700 001 acts as the Interface Registrars for electronic part of the processing relating to dematerialisation of shares. Physical verification of share certificates surrendered for dematerialisation is carried out in-house. As on 31<sup>st</sup> March, 2011, 41.52% of the total number of shares stand dematerialised. With regard to SEBI's requirement of appointment of Common Agency for Share Registry Work, the Company had repeatedly referred the matter to SEBI stating that in its opinion such compliances could result in violation of provisions of the Companies Act, 1956, to which no reply has been received from SEBI.

## j) Outstanding GDR/ADR/Warrants or any convertible instruments : Not Applicable.

k) (A) Distribution of Shareholding as on 31<sup>st</sup> March, 2011 :

Break-up of Equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Equity shares held	Percentage of Equity shares
1-500	12264	98.15	711841	6.65
501-1000	102	0.82	82547	0.77
1001-2000	61	0.49	93300	0.87
2001-3000	12	0.10	31334	0.29
3001-4000	6	0.05	21603	0.20
4001-5000	6	0.05	26717	0.25
5001-10000	14	0.11	105046	0.98
10001-20000	2	0.02	36176	0.34
20001-30000	4	0.03	96446	0.90
30001-40000	0	0.00	0	0.00
40001-50000	1	0.01	49515	0.46
50001-100000	9	0.07	657200	6.13
100000 and above	13	0.10	8802548	82.16
<b>Total</b>	<b>12494</b>	<b>100.00</b>	<b>10714273</b>	<b>100.00</b>

(B) Shareholding Pattern as on 31<sup>st</sup> March, 2011 :

Category		No. of Shares held	Percentage of Shareholding	
A	Promoters' Holding			
	1. Promoters			
	- Indian Promoters	2993728	27.94	
	- Foreign Promoters	5954071	55.57	
2. Persons acting in concert	-	-		
	<b>Total (A)</b>	<b>8947799</b>	<b>83.51</b>	
B	Non-Promoters' Holding			
	1. Institutional Investors			
	a) Mutual Funds and UTI	25	-	
	b) Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-Government Institutions)	1357	0.01	
	c) FIIs	-	-	
		<b>Sub-Total</b>	<b>1382</b>	<b>0.01</b>
	2. Others			
	a) Private Corporate Bodies	407518	3.80	
b) Individuals	1357574	12.68		
	<b>Sub-Total</b>	<b>1765092</b>	<b>16.48</b>	
	<b>Total (B)</b>	<b>1766474</b>	<b>16.49</b>	
	<b>Grand Total (A+B)</b>	<b>10714273</b>	<b>100.00</b>	

Annexure 'C' to the Directors' Report (Continued)

- l) Plant locations : The Company owns fourteen Tea Estates, all in Assam, details of which are given elsewhere in the Annual Report. It also has a Division, Warren Travels, located at 31 Chowringhee Road, Kolkata 700 071.
- m) Address for Correspondence :

Corporate Office : Suvira House  
4B, Hungerford Street,  
Kolkata 700 017.  
Tel No. : 2287 2287  
Fax No. : 2289 0302  
E-mail ID : investors@warrentea.com

Signatures to Annexures A to C

Kolkata  
30<sup>th</sup> May , 2011

Directors

DECLARATION BY THE CEO ON AFFIRMATION OF COMPLIANCE WITH  
THE CODE OF CONDUCT OF THE COMPANY

To the Members of  
Warren Tea Limited

Pursuant to Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges, I hereby declare that all Directors of the Company and Members of the Management Staff ( other than those who have retired or resigned from the services of the Company ) have affirmed compliance with the Code of Conduct of the Company, for the year ended 31<sup>st</sup> March, 2011.

(Vinay K. Goenka)  
Executive Chairman

**Auditors' Certificate regarding compliance of conditions of Corporate Governance**

To the Members of  
Warren Tea Limited

We have examined the compliance of conditions of Corporate Governance by Warren Tea Limited, for the year ended 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

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

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

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

For Price Waterhouse  
Firm Registration Number-301112E  
Chartered Accountants

(P.Law)  
Partner  
Membership Number - 51790.

Place: Kolkata  
Date : 30<sup>th</sup> May, 2011

## Auditors' Report to the Members of Warren Tea Limited

1. We have audited the attached Balance Sheet of Warren Tea Limited (the "Company") as at 31<sup>st</sup> March, 2011 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. The report on the audit of Travels Division of the Company by Messrs. B. M. Chatrath & Co. under Section 228 of the Companies Act, 1956 of India, (the 'Act') has been forwarded to us as required by clause (c) of sub-section (3) of that Section which has been considered in preparing our report.
3. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
4. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together 'the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we further report that :
  - (i)
    - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of its fixed assets.
    - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion the frequency of verification is reasonable.
    - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
  - (ii)
    - (a) The inventory (excluding stocks with third parties), has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have been confirmed by them. In our opinion, the frequency of verification is reasonable.
    - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
    - (c) On the basis of our examination of the inventory records, in our opinion, the Company has maintained proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

## Auditors' Report to the Members of Warren Tea Limited

- (iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.  
  
(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.  
  
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contract or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed thereunder.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company in respect of Tea, where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under Clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has generally been regular in depositing during the year the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities.

As explained by the Management, the Employees' State Insurance Scheme is not applicable to the Company.



## Auditors' Report to the Members of Warren Tea Limited

- (b) According to the information and explanations given to us and the records of the Company examined by us, as at 31<sup>st</sup> March, 2011, there have been no dues in respect of Customs Duty, Wealth Tax, Service Tax, Excise Duty and Cess which have not been deposited on account of dispute other than certain disputed Income Tax and Sales Tax dues, in respect of which amounts involved and forums at which dispute is pending have been indicated in Note 10 on Schedule 18 to the Accounts.
- (x) The Company has no accumulated losses as at 31<sup>st</sup> March, 2011, and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank as at the Balance Sheet date. The Company has neither issued any debenture nor has outstanding loan from any financial institution.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
- (xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- (xvii) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- (xix) The Company has not issued any debenture and accordingly the question of creation of securities in respect of debentures does not arise.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

## Auditors' Report to the Members of Warren Tea Limited

5. Further to our comments in paragraph 4 above, we report that :
- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
  - (e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner except for the non-ascertainment and non disclosure of the value of Green Leaf consumed as indicated in the Note 14(a)(viii) on Schedule 18 to the financial statements, the information required by the Act, 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 31<sup>st</sup> March, 2011;
    - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse  
Firm Registration Number – 301112E  
Chartered Accountants

Kolkata  
30<sup>th</sup> May, 2011

(P. Law)  
Partner  
Membership Number 51790

BALANCE SHEET  
as at 31st March, 2011

	Schedule	As at 31st March, 2011 ` in 000's	As at 31st March, 2010 ` in 000's
<b>SOURCES OF FUNDS</b>			
Shareholders' Funds			
Capital	1	107142	107142
Reserves and Surplus	2	1488323	1282282
		<u>1595465</u>	<u>1389424</u>
Loan Funds			
Secured Loans	3	120766	40000
Deferred Tax Liability (Net)			
	4	11974	15492
		<u>1728205</u>	<u>1444916</u>
<b>APPLICATION OF FUNDS</b>			
Fixed Assets			
Gross Block (includes Revaluation Surplus of ` 362743)	5	2667442	2504035
Less : Depreciation and Amortisation		<u>1255801</u>	<u>1163124</u>
Net Block		1411641	1340911
Capital Work-in-Progress		<u>7751</u>	<u>9328</u>
		<u>1419392</u>	<u>1350239</u>
Investments			
	6	31925	255454
Current Assets, Loans and Advances			
Inventories	7	152612	116913
Sundry Debtors	8	136375	110630
Cash and Bank Balances	9	438930	16389
Other Current Assets	10	85967	81272
Loans and Advances	11	65870	68306
		<u>879754</u>	<u>393510</u>
Less:			
Current Liabilities and Provisions			
Liabilities	12	412616	388698
Provisions	13	190250	165589
		<u>602866</u>	<u>554287</u>
Net Current Assets		<u>276888</u>	<u>(160777)</u>
		<u>1728205</u>	<u>1444916</u>
Notes on Accounts	18		

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

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

For Price Waterhouse  
Firm Registration Number - 301112E  
Chartered Accountants

(P. Law)  
Partner  
Membership Number - 51790  
Kolkata , 30th May, 2011

Company Secretary

Directors

PROFIT AND LOSS ACCOUNT  
for the year ended 31st March, 2011

	Schedule	Current Year ` in 000's	Previous Year ` in 000's
Income			
Sales		2090286	1992278
Other Income	14	<u>39986</u>	<u>34549</u>
		<u>2130272</u>	<u>2026827</u>
Expenditure			
Expenses	15	1745819	1586209
Interest	16	2076	11468
(Accretion)/Decretion to Stock	17	<u>(28621)</u>	<u>(673)</u>
		<u>1719274</u>	<u>1597004</u>
Profit Before Depreciation and Taxation		410998	429823
Depreciation and Amortisation		<u>93475</u>	<u>88301</u>
Profit Before Taxation		317523	341522
Provision/(Credit) for Corporate Taxation			
Current Tax		115000	120000
Deferred Tax		<u>(3518)</u>	<u>(1225)</u>
Profit After Taxation		<u>206041</u>	<u>222747</u>
Balance brought forward from Previous Year		<u>449287</u>	<u>226540</u>
Balance carried to Balance Sheet		<u>655328</u>	<u>449287</u>
Basic and Diluted Earnings per Share ( ` )		19.23	20.79

Notes on Accounts

18

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

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

For Price Waterhouse  
Firm Registration Number - 301112E  
Chartered Accountants

(P. Law)  
Partner  
Membership Number - 51790  
Kolkata , 30th May, 2011

Company Secretary

Directors

Schedules to the Balance Sheet

	As at 31st March, 2011 ` in 000's	As at 31st March, 2010 ` in 000's
Schedule 1		
CAPITAL		
Authorised 2,00,00,000 Equity Shares of ` 10/- each	<u>200000</u>	<u>200000</u>
Issued, Subscribed and Paid-up 1,07,14,273 Equity Shares of ` 10/- each fully paid-up (including Bonus Shares - ` 45501)	<u>107142</u>	<u>107142</u>
	<u>107142</u>	<u>107142</u>
Schedule 2		
RESERVES AND SURPLUS		
Share Premium Account	81000	81000
Revaluation Reserve	362743	362743
General Reserve	389252	389252
Profit and Loss Account	<u>655328</u>	<u>449287</u>
	<u>1488323</u>	<u>1282282</u>

## Schedules to the Balance Sheet

	As at 31st March, 2011 ` in 000's	As at 31st March, 2010 ` in 000's
Schedule 3		
LOAN FUNDS		
SECURED LOANS		
Working Capital Facilities from Banks	108266	-
[Secured by joint equitable mortgage/charge on the current assets and fixed assets (movable and immovable) ranking <i>pari passu</i> first charge amongst the Banks severally and with other Lenders for their respective Term Loans which are secured by fixed assets only (movable and immovable)]		
Loan from a Bank	12500	25000
[Secured by equitable mortgage of fixed assets only (movable and immovable) ranking <i>pari passu</i> first charge with the Banks for working capital facilities]		
Loan from a Bank	-	15000
[Secured by equitable mortgage/charge on current assets and fixed assets (movable and immovable) ranking <i>pari passu</i> first charge with the Banks for working capital facilities]		
	<u>120766</u>	<u>40000</u>
Schedule 4		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Timing difference on account of Depreciation	39814	44826
Less :		
Deferred Tax Assets		
Timing difference on account of :		
Expenses allowable on payment	27631	29123
Provision for Doubtful Debts	209	211
	<u>11974</u>	<u>15492</u>

## Schedules to the Balance Sheet

## Schedule 5

## FIXED ASSETS

in 000's

PARTICULARS	GROSS BLOCK - AT COST/VALUATION				DEPRECIATION / AMORTISATION				NET BLOCK	
	As at 1st April 2010	Additions	Disposals/ Adjustments	As at 31st March 2011	Upto 1st April 2010	For the Year	Disposals/ Adjustments	Upto 31st March 2011	As at 31st March 2011	As at 31st March 2010
TANGIBLE ASSETS										
Land (Freehold)	58901	-	-	58901	-	-	-	-	58901	58901
Estates and Development (Leasehold)	528320	-	-	528320	-	-	-	-	528320	528320
Buildings, Roads and Bridges	1187952	149318	-	1337270	623589	57261	-	680850	656420	564363
Plant and Machinery	563672	8479	323	571828	416022	24808	323	440507	131321	147650
Airconditioners, Refrigerators and Other Equipments	12979	263	165	13077	7968	578	165	8381	4696	5011
Furniture and Fixtures	33704	157	-	33861	22271	1736	-	24007	9854	11433
Vehicles	84716	5964	310	90370	67296	5389	310	72375	17995	17420
INTANGIBLE ASSETS (ACQUIRED)										
Tenancy Right	2100	-	-	2100	1365	105	-	1470	630	735
Excise Duty Relief Right	10000	-	-	10000	8146	1854	-	10000	-	1854
Computer Software	21691	24	-	21715	16467	1744	-	18211	3504	5224
	<u>2504035</u>	<u>164205</u>	<u>798</u>	<u>2667442</u>	<u>1163124</u>	<u>93475</u>	<u>798</u>	<u>1255801</u>	<u>1411641</u>	<u>1340911</u>
Previous Year	<u>2401966</u>	<u>106301</u>	<u>4232</u>	<u>2504035</u>	<u>1078460</u>	<u>88301</u>	<u>3637</u>	<u>1163124</u>	<u>1340911</u>	

Schedules to the Balance Sheet

	As at 31st March, 2011 ` in 000's	As at 31st March, 2010 ` in 000's
Schedule 6		
INVESTMENTS		
Long Term - at or under cost		
Trade Investments		
Unquoted		
20000 Equity Shares of ` 10/- each fully paid-up in ABC Tea Workers Welfare Services	200	200
Other than Trade Investments		
Quoted		
30300 Equity Shares of ` 10/- each fully paid-up in Pal Peugeot Limited	303	303
6994 Equity Shares of ` 10/- each fully paid-up in Malanpur Steel Limited	70	70
450 Equity Shares of ` 5/- each fully paid-up in Mcleod Russel India Limited	11	11
1728 Equity Shares of ` 10/- each fully paid-up in Syndicate Bank	87	87
Unquoted		
In Government Securities		
* ` 17600/- 3% Government of India Conversion Loan	1	1
In Equity Shares		
335000 Equity Shares of ` 10/- each fully paid-up in Warren Steels Private Limited	41875	41875
In Debentures and Bonds		
145 5% Ten Year Debentures of ` 100/- each fully paid-up of Shillong Club Limited	-	-
` 64500/- 5% Debentures Stock of The East India Clinic Limited	1	1
29 1.5 % Debentures of ` 100/- each in The East India Clinic Limited	-	-
	<u>42548</u>	<u>42548</u>
Current Investments - at lower of cost and fair value		
Other than Trade Investments		
Unquoted		
In Mutual Fund Units		
HDFC Cash Management Fund - Treasury Advantage Plan - Retail Daily Dividend 1260729.423 units of ` 10/- each (Sold during the year)	-	12647
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend 6962074.425 units of ` 10/- each (Sold during the year)	-	69840
LIC MF Savings Plus Fund - Daily Dividend Plan - Reinvestment 10028080.791 units of ` 10/- each (Sold during the year)	-	100281
Reliance Money Manager Fund - Institutional - Daily Dividend Plan 30669.639 units of ` 1000/- each (Sold during the year)	-	30711
	<u>-</u>	<u>213479</u>
	42548	256027
Less: Provision for diminution in the value of Investments	<u>10623</u>	<u>573</u>
	<u>31925</u>	<u>255454</u>
Notes :		
1 Market Value of Quoted Investments	326	271
2 Aggregate Book Value of Quoted Investments	471	471
3 Aggregate Book Value of Unquoted Investments	42077	255556
*4 Deposited with Excise Authorities		
5 Current Investments (other than Trade - unquoted) acquired and sold during the year (in units)		
Reliance Liquid Fund - Treasury Plan - Institutional Option - Daily Dividend Option - Nil (Previous Year - 981293.069 units)		
Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan - 91.256 units (Previous Year - Nil)		
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Daily Dividend Option - 7990799.846 units (Previous Year - Nil)		
LIC Mutual Fund - Savings Plus Fund - Daily Dividend Plan - 15115569.802 units - (Previous Year - Nil)		
IDFC Ultra Short Term Fund Daily Dividend - 1004842.294 units (Previous Year - Nil)		
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale - Retail Daily Dividend - 3953.002 units (Previous Year - Nil)		



Schedules to the Balance Sheet

	As at 31st March, 2011 ` in 000's	As at 31st March, 2010 ` in 000's
--	--	--

Schedule 7

INVENTORIES

[Note 24(e) on Schedule 18]

Stock of Stores	64655	57577
Stock of Tea	87957	59336
	<u>152612</u>	<u>116913</u>

Schedule 8

SUNDRY DEBTORS

(Unsecured)

Debts outstanding for a period exceeding six months		
Considered Good	368	943
Considered Doubtful	3485	3485
Other Debts		
Considered Good	136007	109687
	<u>139860</u>	<u>114115</u>
Less: Provision for Doubtful Debts	3485	3485
	<u>136375</u>	<u>110630</u>

Schedule 9

CASH AND BANK BALANCES

Cash in hand	257	209
Cash with Garden Kayahs	3675	14
With Scheduled Banks on		
Current Accounts	74448	15945
Unpaid Dividend Accounts	-	103
Deposit Account	360550	118
	<u>438930</u>	<u>16389</u>

Schedule 10

OTHER CURRENT ASSETS

(Unsecured - Considered Good)

Security and Other Deposits	81055	81188
(includes ` 54; Previous Year - ` 54 , deposited with Port Trust and Excise Authorities)		
Deposits with National Bank for Agriculture and Rural Development	2	2
Interest Accrued on Deposits	4910	82
	<u>85967</u>	<u>81272</u>

## Schedules to the Balance Sheet

	As at 31st March, 2011 ` in 000's	As at 31st March, 2010 ` in 000's
Schedule 11		
LOANS AND ADVANCES		
(Unsecured - Considered Good)		
Loans to Employees	7682	7474
Advances recoverable in cash or in kind or for value to be received	58188	60832
	<u>65870</u>	<u>68306</u>

## Schedule 12

### LIABILITIES

Sundry Creditors (Note 12 on Schedule 18)	411838	386751
Advances from Customers	333	873
Investor Education and Protection Fund shall be credited by :		
Unpaid and Unclaimed Dividends	-	103
Interest Accrued but not Due on Loans	445	971
	<u>412616</u>	<u>388698</u>

## Schedule 13

### PROVISIONS

Corporate Taxation - Current (Net) (including Fringe Benefit Tax - `1000; Previous Year - `1000)	190250	165589
	<u>190250</u>	<u>165589</u>

## Schedules to the Profit and Loss Account

	Current Year ` in 000's	Previous Year ` in 000's
Schedule 14		
OTHER INCOME		
Income from Investments - Other than Trade		
Long Term		
Dividend	7	5
Current Investments		
Dividend	2508	3479
Interest on Deposits (Gross)	6984	152
[Tax deducted at Source - ` 523; Previous Year - Nil]		
Profit on Disposal of Fixed Assets (Net)	88	339
Insurance Claims	3844	3542
Tea Board Subsidy	10235	13038
Miscellaneous Receipts	15945	13423
Provisions no longer required written back	375	571
	<u>39986</u>	<u>34549</u>

## Schedule 15

### EXPENSES

Salaries, Wages and Bonus	724095	650636
Contributions to Provident and Other Funds	102038	101845
Employees' Welfare	115171	115607
Consumption of Stores and Spares	302940	288534
Power and Fuel	172586	126024
Land Rent and Taxes	30562	24617
Tea Board Cess	4469	4412
Rent	1608	1336
Repairs and Maintenance		
Buildings, Roads and Bridges	49671	44996
Plant and Machinery	39473	29279
Insurance	2868	2368
Administrative Overheads	79684	82081
Selling		
Freight	48448	47138
Insurance	4750	4156
Brokerage	13806	11552
Commission	8022	12288
Warehousing, Shipment and Other Charges	34695	37932
Loss on Exchange (Net)	883	1408
Provision for diminution in the value of Investments	10050	-
	<u>1745819</u>	<u>1586209</u>

Schedules to the Profit and Loss Account

	Current Year ` in 000's	Previous Year ` in 000's
Schedule 16		
INTEREST		
Interest on Fixed Loans Banks	1862	7673
Interest on Others	214	3795
	<u>2076</u>	<u>11468</u>
Schedule 17		
(ACCRETION)/DECRETION TO STOCK		
Opening Stock	59336	58663
Less: Closing Stock	87957	59336
	<u>(28621)</u>	<u>(673)</u>

## NOTES ON ACCOUNTS

- 1 Revaluation of all Plantation Assets excluding depreciable Assets was conducted in 2001-02 by approved Valuers appointed by the Company. In evaluating such Assets, the Valuers carried out physical inspection, verification and analysis of plantation areas and valued the same on a conservative basis. The resultant incremental amount of ` 362743 was incorporated in the Accounts as on 31st March, 2002 and credited to the Revaluation Reserve Account.
- 2 Pursuant to an Agreement dated 8th October, 2002, Tippuk Tea Estate located in Doom Dooma sub-district in Assam was acquired by the Company as a going concern with effect from 1st October, 2002 and possession and operations have been taken over by the Company effective from the same date. Conclusion of the Deed of Conveyance is in process.

- 3 (a) Depreciation/Amortisation is provided on Straight Line Method at the following rates:

	%
Buildings, Roads and Bridges (including Tenancy Right)	5.0
Plant and Machinery : Computers including Software	20.0
Others	7.5
Airconditioners, Refrigerators and Other Equipments	7.5
Furniture and Fixtures	7.5
Vehicles	15.0

- (b) Balance of Excise Duty Relief Right has been amortised during the year.

- 4 Issued, Subscribed and Paid-up Capital both for current and previous year includes :

(a) 5419153 Equity Shares of ` 10/- each allotted as fully paid-up for consideration otherwise than in cash at par in terms of the Schemes of Arrangements for Amalgamation.

(b) 4550070 Equity Shares of ` 10/- each allotted as fully paid-up Bonus Shares by capitalisation of General Reserve.

(c) Number of Equity Shares held by Warren Tea Holdings Limited, UK (Holding Company upto February, 2011) - Nil ; (Previous Year - 5730386)

- 5 Under the Assam Fixation of Ceiling of Land Holding Act, 1956, undeveloped lands, approximately 3745 (Previous Year - 3745) hectares have been vested in the State Government. Necessary adjustments in respect of land compensation will be made in the accounts on settlement of the same.

- 6 (a) Computation of Profit under Section 198 read with Section 309 of the Companies Act, 1956 for the purpose of commission payable to the Executive Chairman and the Managing Director :

	Current Year	Previous Year
Net Profit before Depreciation and Taxation as per Profit and Loss Account	410998	429823
Less :		
Profit on Disposal of Fixed Assets (Net) as per Profit and Loss Account	88	339
Depreciation under Section 350	54922	52353
	<u>355988</u>	<u>377131</u>
Add :		
Profit/(Loss) on Disposal of Fixed Assets (Net) computed with Depreciation under Section 350	88	(235)
Provision for Wealth Tax	100	-
Provision for diminution in the value of Investments	10050	-
Managerial Remuneration (including Commission ` 3000, Previous Year - ` 2640 )	11114	8720
Net Profit in accordance with Section 198	<u>377340</u>	<u>385616</u>
Restricted to 1% thereof for each of the Directors	<u>3773</u>	<u>3856</u>
Commission payable to		
Mr. Vinay K. Goenka, Executive Chairman, limited to	2040	1800
Mr. S. K. Ghosh, Managing Director, limited to	960	840
	<u>3000</u>	<u>2640</u>

- (b) Managerial Remuneration paid/payable

Whole-time Directors

Salary	3000	2640
Contributions to Provident and Other Funds	539	317
Commission	3000	2640
Other Benefits	4489	3045
	<u>11028</u>	<u>8642</u>

Other Directors

Sitting Fees	86	78
	<u>11114</u>	<u>8720</u>

	Current Year	Previous Year
7 Estimated amount of contracts remaining to be executed on Capital Account	4049	4230
8 Contingent Liabilities		
(a) Claims not acknowledged as debts	2050	2224
(b) Sales Tax Demands in dispute (under Appeals)	24906	21949
(c) Agricultural Income Tax Demands in dispute (under Appeals / pending before Gauhati High Court)	283872	-
9 Bank Guarantees	8809	6789
10 Unpaid Disputed Statutory Dues in respect of		
(a) Income-tax		
Forum : Commissioner of Income-tax (Appeals)	12192	9634
Income-tax Appellate Tribunal	519	519
For Agricultural Income-tax (Assam) :		
Deputy Commissioner of Taxes (Appeals)	62363	62363
Gauhati High Court (Including the impact of ` 62363 as above)	485432	-
(b) Sales tax		
Forum : Deputy Commissioner of Taxes (Appeals)	10857	15779
Commissioner of Taxes	6301	586
Gauhati High Court	4679	2781
11 Advances include amounts		
Due by a Director of the Company	1665	1722
Maximum amount due at any time during the year (Advanced to an employee since elevated as a Director)	1722	1773
12 There are no outstanding dues of micro and small enterprises based on information available with the Company.		
13 Amounts paid/payable to Auditors		
Statutory Auditors		
(a) Audit Fees (including for Branch Auditors ` 15; Previous Year - ` 10)	815	810
(b) For Tax Audit (including for Branch Auditors ` 3; Previous Year - ` 3)	203	203
(c) For Limited Review & Other Matters (including for Branch Auditors ` 15; Previous Year - ` 15)	590	530
(d) Service Tax & Education Cess	168	159
(e) Out of Pocket Expenses	27	30
Cost Auditors	110	110
(including Service Tax & Education Cess - ` 10 ; Previous Year - ` 10)		
14 Quantitative and Other information		
(a) Tea	(Kgs. in 000's)	(Kgs. in 000's)
(i) Capacity		
Licensed	Not Applicable	Not Applicable
Installed	Not Ascertainable	Not Ascertainable
(ii) Production	14534	14421
(iii) Saleable Production	14266	14098
(iv) Opening Stock	571	654
(v) Turnover (Net of Returns)	14044	14160
(vi) Claims/Damaged	16	21
(vii) Closing Stock	777	571
(viii) Consumption of Raw Materials - Green Leaf [ In Tea Industry, value of Green Leaf produced in Company's own estates is not ascertainable from financial accounting records since production involves an integrated process of growing, cultivation and manufacture of tea]	67708	67079
(b) Sales		
Tea	2083701	1987380
Commission	6585	4898
	<u>2090286</u>	<u>1992278</u>
15 Consumption of Stores and Spares	%	%
(a) Imported	-	-
(b) Indigenous	302940 100	288534 100
	<u>302940 100</u>	<u>288534 100</u>
16 Value of Imports Calculated on C.I.F. basis		
Stores and Spares	-	1240
17 Earnings in Foreign Exchange		
Exports on F.O.B. basis	88953	243422
18 Expenditure in Foreign Currency		
(a) Commission, Subscription and Other Charges	1210	4340
(b) Pension	545	692
(c) Travelling	553	1493

## 19 Post Employment Defined Benefit Plans

The Company operates defined Benefit Schemes like Gratuity, Superannuation, Pension and Additional Retiral Benefit Plans based on current salaries in accordance with the Rules of the Funds/Plans.

In terms of Accounting Policies enumerated in Note 24 the following Table sets forth the particulars in respect of Defined Benefit Plans of the Company for the year ended 31st March, 2011 arising out of actuarial valuations:

## A) Funded and Unfunded Plans

## I. Reconciliation of opening and closing balances of the present value of the Defined Benefit Obligation

	Funded Plans				Unfunded Plans			
	Gratuity		Superannuation		Pension		Additional Retiral Benefit	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Present Value of Obligation at the beginning of the year	201146	171243	62664	54617	128303	117829	4557	-
Current Service Cost	11830	10692	5853	5427	6784	6286	318	364
Past Service Cost	2123	-	-	-	-	-	622	4193
Interest Cost	16603	12851	5225	4254	10767	9299	380	-
Actuarial (Gains)/Losses	13519	27578	(3242)	1459	(4671)	(1922)	26	-
Benefits paid	(11644)	(21218)	(2589)	(3093)	(3253)	(3189)	(175)	-
Present Value of Obligation at the end of the year	<u>233577</u>	<u>201146</u>	<u>67911</u>	<u>62664</u>	<u>137930</u>	<u>128303</u>	<u>5728</u>	<u>4557</u>

## II. Reconciliation of opening and closing balances of the fair value of Plan Assets

Fair value of Plan Assets at the beginning of the year	213312	167811	68749	59111	-	-	-	-
Expected Return on Plan Asset	17065	13425	5500	4729	-	-	-	-
Actuarial Gains/(Losses)	(247)	5862	57	689	-	-	-	-
Contributions	-	47432	3027	7313	-	-	-	-
Benefits paid	(11644)	(21218)	(2589)	(3093)	-	-	-	-
Fair value of Plan Assets at the end of the year	<u>218486</u>	<u>213312</u>	<u>74744</u>	<u>68749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## III. Reconciliation of the present value of the Defined Benefit Obligation and the fair value of Plan Assets

Present Value of the Obligation at the end of the year	233577	201146	67911	62664	137930	128303	5728	4557
Fair value of Plan Assets at the end of the year	218486	213312	74744	68749	-	-	-	-
(Asset)/Liabilities recognised in the Balance Sheet	<u>15091</u>	<u>(12166)</u>	<u>(6833)</u>	<u>(6085)</u>	<u>137930</u>	<u>128303</u>	<u>5728</u>	<u>4557</u>

## IV. Expenses recognised in the Profit and Loss Account

Current Service Cost	11830	10692	5853	5427	6784	6286	318	364
Past Service Cost	2123	-	-	-	-	-	380	-
Interest Cost	16603	12851	5225	4254	10767	9299	622	4193
Expected Return on Plan Asset	(17065)	(13425)	(5500)	(4729)	-	-	-	-
Actuarial (Gains)/Losses	13766	21716	(3299)	770	(4671)	(1922)	26	-
Total Expenses Recognised and Disclosed under Contributions to Provident and Other Funds (For Funded Plans) and to Employees' Welfare (For Unfunded Plans) in Schedule 15	<u>27257</u>	<u>31834</u>	<u>2279</u>	<u>5722</u>	<u>12880</u>	<u>13663</u>	<u>1346</u>	<u>4557</u>

## V. Category of Plan Assets

Fund with Insurance Companies	60411	56112	4457	2157
Central Government Securities	41111	40014	8677	8780
State Government Securities	20893	21539	4209	2320
Bond/Term Deposits	43303	48082	28742	29193
Special Deposits	44012	45119	21360	21674
Others (incl. Bank Balances)	8756	2446	7299	4625
	<u>218486</u>	<u>213312</u>	<u>74744</u>	<u>68749</u>

## VI. Actual Return on Plan Asset

2010-11	16818	19287	5557	5418
---------	-------	-------	------	------

## B) Principal Actuarial Assumptions of funded and unfunded Plans, as applicable

	2010-11	2009-10
	%	%
Discount Rate	8.50	8.00
Salary Escalation	5.00	5.00
Inflation Rate	5.00	5.00
Expected Return on Asset	8.00	8.00

Actuarial valuation considered estimates of future salary increases taking into account inflation and other relevant factors.

## C) Other Disclosure :

## I. Funded Plans

	Gratuity				Superannuation			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
Present Value of the Obligation at the end of the year	233577	201146	171243	164750	67911	62664	54617	54002
Fair value of Plan Assets at the end of the year	218486	213312	167811	164076	74744	68749	59111	59233
(Surplus)/Deficit at the end of the year	15091	(12166)	3432	674	(6833)	(6085)	(4494)	(5231)
Experience Adjustments on Obligation - [(Gain)/Loss]	32025	66	(6988)	(6723)	1978	(2245)	(7248)	(7188)
Experience Adjustments on Plan Assets - [Gain/(Loss)]	6004	6104	1626	1590	763	(4972)	735	734

## II. Unfunded Plans

	Pension				Additional Retiral Benefit			
	2010-11	2009-10	2008-09	2007-08	2010-11	2009-10	2008-09	2007-08
Present Value of the Obligation at the end of the year	137930	128303	117829	110117	5728	4557	-	-
(Surplus)/Deficit at the end of the year	137930	128303	117829	110117	5728	4557	-	-
Experience Adjustments on Obligation - [(Gain)/Loss]	(2066)	(2985)	990	102746	5271	4193	-	-

## Post Employment Contribution Plan

During the year an aggregate amount of `69479 (Previous Year - `61642) has been recognised as expenditure towards defined contribution plan of the Company.

## Schedule 18 (Continued)

	Current Year	(` in 000's) Previous Year
20 Basic and Diluted Earnings Per Share		
Number of Equity Shares at the beginning of the year	10714273	10714273
Number of Equity Shares at the end of the year	10714273	10714273
Weighted average number of Equity Shares outstanding during the year	10714273	10714273
Face value of each Equity Share (`)	10	10
Profit after tax available for distribution to the Equity Shareholders	206041	222747
Basic and Diluted Earnings per Share (`)	19.23	20.79
Dilutive Potential Equity Shares	Not Applicable	Not Applicable

## 21 Related Party Disclosures

## (i) Names and Relationship

Relationship	Name
Holding Company (Upto February, 2011)	Warren Tea Holdings Limited
Significant Influence by Key Management Personnel	Warren Industrial Limited DPIL Limited Sectra Plaza Private Limited Suvira Properties Private Limited Warren Steels Private Limited
Key Management Personnel	Mr. Vinay K. Goenka (Executive Chairman) Mr. S. K. Ghosh (Managing Director)
Relative of a Key Management Personnel	Mr. Vivek Goenka

## (ii) Particulars of Transactions and year-end balances

Names and Relationship		
Significant Influence by Key Management Personnel		
Receiving of Services		
Warren Industrial Limited	741	400
Suvira Properties Private Limited	300	300
Sectra Plaza Private Limited	480	480
	<u>1521</u>	<u>1180</u>
Rendering of Services		
Warren Steels Private Limited	295	310
DPIL Limited	12	12
Others	11	11
	<u>318</u>	<u>333</u>
Security Deposit		
Sectra Plaza Private Limited	-	20000
Key Management Personnel & Relative Directors' Remuneration		
Mr. Vinay K. Goenka	7145	5146
Mr. S. K. Ghosh	3883	3496
	<u>11028</u>	<u>8642</u>
Remuneration		
Mr. Vivek Goenka	936	834
Balance at the year-end		
Holding Company (Upto February, 2011)		
Advances	-	860
Significant Influence by Key Management Personnel		
Warren Steels Private Limited		
Investments	41875	41875
Sundry Debtors	120	102
Sectra Plaza Private Limited		
Security Deposit	44520	44760
Suvira Properties Private Limited		
Advances	8198	8378
Warren Industrial Limited		
Current Liabilities	24	5341
Key Management Personnel		
Mr. Vinay K. Goenka		
Current Liabilities	2040	1800
Mr. S. K. Ghosh		
Advances	1665	1722
Current Liabilities	960	840



## 22 Segment Reporting

- (i) Business Segments have been considered as Primary Segment for disclosure. The integrated process of growing, harvesting, manufacturing and sale of Black Tea and Travel related activities are denoted as "Tea" and "Travels" respectively which comprise Reportable Business Segments in accordance with the Accounting Standard - 17.
- (ii) Geographical Segments have been considered for disclosure as the Secondary Reporting Segment based on Sales in domestic markets and Exports.

## (iii) Primary Segment Information

	Tea	Travels	Total
Segment Revenue - External Sales	2083701 <i>[1987380]</i>	6585 <i>[4898]</i>	2090286 <u><i>[1992278]</i></u>
Segment Results	320293 <i>[349705]</i>	(198) <i>[(977)]</i>	320095 <i>[348728]</i>
Unallocated Corporate Income / (Expenses) - Net *	-	-	(496) <i>[4262]</i>
Interest Expenses	-	-	(2076) <i>[(11468)]</i>
Corporate Taxation	-	-	(111482) <i>[(118775)]</i>
Profit after Taxation	-	-	206041 <u><i>[222747]</i></u>
Segment Assets	1879767 <i>[1690097]</i>	9397 <i>[8587]</i>	1889164 <i>[1698684]</i>
Unallocated Corporate Assets	-	-	441907 <i>[300519]</i>
Total Assets			<u><u>2331071</u></u> <u><i>[1999203]</i></u>
Segment Liabilities	410473 <i>[386303]</i>	2143 <i>[2292]</i>	412616 <i>[388595]</i>
Loan Funds	-	-	120766 <i>[40000]</i>
Unallocated Corporate Liabilities	-	-	202224 <i>[181184]</i>
Total Liabilities			<u><u>735606</u></u> <u><i>[609779]</i></u>
Capital Expenditure	162500 <i>[112516]</i>	128 <i>[260]</i>	162628 <i>[112776]</i>
Depreciation and Amortisation	93327 <i>[88102]</i>	148 <i>[199]</i>	93475 <i>[88301]</i>

## (iv) Secondary Segment Information

	Domestic	Export	Total
Segment Revenue - External Sales	1998792 <i>[1744789]</i>	91494 <i>[247489]</i>	2090286 <i>[1992278]</i>
Segment Assets	1889164 <i>[1698684]</i>	- <i>-</i>	1889164 <i>[1698684]</i>
Capital Expenditure	162628 <i>[112776]</i>	- <i>-</i>	162628 <i>[112776]</i>

\* after adjusting provision for diminution in the value of investments - ` 10050 (Previous Year - Nil)

Figures of Previous Year are indicated in Italics within brackets "[ ]"

24 Major Accounting Policies

- (a) The financial statements have been prepared in accordance with the standards of accounting prescribed under the Companies Act, 1956 of India.

(b) Fixed Assets

Written down value of Fixed Assets (both Tangible and Intangible) represents cost of acquisition/valuation of such assets after deduction of depreciation (including amortisation) on Straight Line Method at rates indicated in Note 3(a). Rights are carried at cost of acquisition less amortisation, basis of which is indicated in Note 3.

Although Tea Plantation is an item of wasting asset, no depreciation is charged on such assets as it is customary in the Tea Industry and also because the Infilling costs of Tea Bushes, Replanting of Tea areas and other long term developmental expenditure in the plantation areas are charged to Revenue Expenditure which are allowed by the Indian Taxation Authorities. Thus, no depreciation has been charged on New Planting.

For additions to Assets during the course of the year depreciation/amortisation is being charged on a full year basis. In case of acquisition of any undertaking, depreciation is charged from the effective date of such acquisition.

Assets costing upto ` 5000/- each are fully depreciated in the same year.

Compensation received for acquisition of Assets of the Company is accounted for upon acceptance of the Company's claim by the appropriate authorities.

(c) Impairment of Assets

Loss on account of Impairment of Assets is to be recognised if and when the carrying amount of the Fixed Assets exceeds the recoverable amount i.e higher of net selling price and value in use.

(d) Investments

Long term Investments made by the Company have been stated at cost, except in certain cases where these have been brought down upon commercial considerations and in keeping with the applicable Accounting Standard. Current Investments are stated at lower of cost and fair value.

(e) Current Assets, Loans and Advances

Inventories of Stores, as existing at the year-end, represent weighted average cost of procurements. Obsolete and slow moving inventories are fully depreciated in the Accounts.

Unsold but saleable Stock of Tea are valued at weighted average cost of production including attributable charges and levies or net realisable value, whichever is lower.

(f) Sales and Revenue Recognition

Disposal of Company's produce is accounted for as Sales whenever appropriate documents are received even when the proceeds are received after the accounting period.

Items of income including Export Benefits are recognised on accrual and conservative basis.

(g) Government Grants

Government Grants related to specific depreciable fixed asset are deducted from gross values of the related fixed asset in arriving at their book value.

Government Grants related to revenue are recognised in the Accounts on prudent basis.

(h) Foreign Currencies Transactions

Transactions in foreign currency are accounted for at the exchange rates prevailing on the date of transactions. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at year-end exchange rates.

Gains/Losses arising out of fluctuations in the exchange rates are recognised in the Accounts in the period in which they arise. Differences between the forward exchange rates and the exchange rates at the date of transactions are accounted for as income/expense over the life of the contracts.

(i) Employee Benefits

a) Short Term Employee Benefits

The amount of Short Term Employee Benefits payable in terms of employment for the services rendered by such employees is recognised during the period when the employee renders services.

b) Post Employment Benefits

(i) The Company operates defined Contribution Schemes of Provident Funds and makes regular contributions to Provident Funds which are fully funded and administered by the Trustees/Government and are independent of the Company's finance. Such contributions are recognised in the Accounts on accrual basis. Interest accruing to the Fund administered by the Trustees are credited to respective members' accounts based on the rates stipulated by the Government and shortfall in this regard, if any, is borne by the Company.

(ii) The Company operates defined benefit Superannuation and Gratuity Schemes administered by the Trustees, which are independent of the Company's finance. Such obligations are recognised in the Accounts on the basis of actuarial valuation including gains and losses at the year-end.

(iii) The Company operates a defined benefit Pension Scheme and Additional Retiral Benefit for certain categories of employees for which obligations are recognised in the Accounts based on actuarial valuation including gains and losses at the year-end.

c) Other Long Term Employee Benefits

Other Long Term Employee Benefits are recognised in the Accounts based on actuarial valuation including gains and losses at the year-end.

(j) Expenditure

As is customary in the Tea Industry, maintenance expenditure incurred at Gardens, for which accruing benefits may not be relatable in terms of periods, are charged off to Revenue Expenditure in the year these are incurred.

Operational Borrowing Costs are recognised as Revenue Expenditure in the year in which these are incurred.

(k) Corporate Taxation

Current Tax is determined as the amount of income-tax payable/recoverable in respect of the taxable income for the current period.

Deferred Tax is recognised as the tax effect of timing differences being the differences between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods.

Deferred Tax Assets are recognised subject to the consideration of prudence 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 realised.

Signatures to Schedules 1 to 18

For Price Waterhouse  
Firm Registration Number - 301112E  
Chartered Accountants

(P. Law)  
Partner  
Membership Number - 51790  
Kolkata , 30th May, 2011

Company Secretary

Directors

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. 

1	7	0	6
---	---	---	---

State Code 

0	2
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

  
Date Month Year

II. Capital Raised During the Period (Amount in ` Thousands)

Public Issue  

				N	I	L
--	--	--	--	---	---	---

Rights Issue  

				N	I	L
--	--	--	--	---	---	---

Bonus Issue  

				N	I	L
--	--	--	--	---	---	---

Private Placement  

				N	I	L
--	--	--	--	---	---	---

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

Total Liabilities  

2	3	3	1	0	7	1
---	---	---	---	---	---	---

Total Assets  

2	3	3	1	0	7	1
---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital  

	1	0	7	1	4	2
--	---	---	---	---	---	---

Reserves & Surplus  

1	4	8	8	3	2	3
---	---	---	---	---	---	---

Secured Loans  

	1	2	0	7	6	6
--	---	---	---	---	---	---

Unsecured Loans  

				N	I	L
--	--	--	--	---	---	---

Application of Funds

Net Fixed Assets  

1	4	1	9	3	9	2
---	---	---	---	---	---	---

Investments  

		3	1	9	2	5
--	--	---	---	---	---	---

Net Current Assets  

	2	7	6	8	8	8
--	---	---	---	---	---	---

Miscellaneous Expenditure  

				N	I	L
--	--	--	--	---	---	---

Accumulated Losses  

				N	I	L
--	--	--	--	---	---	---

IV. Performance of Company (Amount in ` Thousands)

Turnover  

2	0	8	3	7	0	1
---	---	---	---	---	---	---

Total Expenditure  

1	8	1	2	7	4	9
---	---	---	---	---	---	---

Profit Before Tax  

	3	1	7	5	2	3
--	---	---	---	---	---	---

Profit After Tax  

	2	0	6	0	4	1
--	---	---	---	---	---	---

Earnings per Share in `  

		1	9	.	2	3
--	--	---	---	---	---	---

Dividend Rate %  

				N	I	L
--	--	--	--	---	---	---

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

Item Code No.(ITC Code)  

0	9	0	2	3	0	.	0	0
---	---	---	---	---	---	---	---	---

Product Description  

			B	L	A	C	K		T	E	A
--	--	--	---	---	---	---	---	--	---	---	---

8	4	7	9	8	9	.	1	9
---	---	---	---	---	---	---	---	---

T	R	A	V	E	L		A	G	E	N	C	Y
---	---	---	---	---	---	--	---	---	---	---	---	---

CASH FLOW STATEMENT  
for the year ended 31st March, 2011

	Current Year ` in 000's	Previous Year ` in 000's
<b>A. Cash Flow from operating activities</b>		
Profit before Taxation	317523	341522
Adjustments for		
Depreciation and Amortisation	93475	88301
Interest Expenses	2076	11468
Income from Interest and Dividends	(9499)	(3636)
Provisions no longer required written back	(375)	(571)
(Profit) on Disposal of Fixed Assets (Net)	(88)	(339)
Provision for diminution in the value of Investments	10050	-
Operating Profit before working capital changes	<u>413162</u>	<u>436745</u>
Adjustments for changes in		
Trade and other Receivables	(23176)	62445
Inventories	(35699)	(4319)
Trade Payables	24922	17347
Cash generated from operations	<u>379209</u>	<u>512218</u>
Direct Taxes Paid	(90339)	(115060)
Net Cash from operating activities	<u>(A) 288870</u>	<u>397158</u>
<b>B. Cash Flow from investing activities</b>		
Purchase of Fixed Assets	(162628)	(112776)
Sale of Fixed Assets	88	934
Purchase of Current Investments	(241508)	-
Proceeds from Sale of Current Investments	454987	-
Interest and Dividend Received	4671	3636
Net Cash from / (used) in investing activities	<u>(B) 55610</u>	<u>(108206)</u>
<b>C. Cash Flow from financing activities</b>		
Proceeds from Short Term Borrowings	108266	186870
Repayment of Long Term Borrowings	(27500)	(27500)
Repayment of Short Term Borrowings	-	(209523)
Interest Paid	(2602)	(12266)
Dividends Paid	(103)	(435)
Net Cash from / (used) in financing activities	<u>(C) 78061</u>	<u>(62854)</u>
Net increase in Cash and Cash Equivalents	<u>(A+B+C) 422541</u>	<u>226098</u>
<b>Cash and Cash Equivalents</b>		
Opening Balance		
Cash and Bank Balances [Schedule 9]	<u>16389</u>	<u>3770</u>
	<u>16389</u>	<u>3770</u>
Closing Balance		
Cash and Bank Balances [Schedule 9]	438930	16389
Current Investments in Mutual Fund Units [Schedule 6]	-	213479
	<u>438930</u>	<u>229868</u>
	422541	<u>226098</u>

Notes :

1. The above Cash Flow Statement has been prepared under the Indirect Method as set out in the Accounting Standard - 3 on Cash Flow Statement prescribed under the Companies Act , 1956.
2. The Schedules referred to above form an integral part of the Cash Flow Statement.
3. Previous year's figures have been regrouped or rearranged, wherever necessary.

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

For Price Waterhouse  
Firm Registration Number - 301112E  
Chartered Accountants

(P. Law)  
Partner  
Membership Number - 51790  
Kolkata , 30th May, 2011

Company Secretary

Directors