

McLEOD RUSSEL



The world's cup of tea

McLEOD RUSSEL INDIA LIMITED
ANNUAL REPORT AND ACCOUNTS 2007-08



McLeod Russel India Limited

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

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Company will be held on Tuesday, 29th July 2008 at 10.30 a.m. at Kalamandir, 48, Shakespeare Sarani, Kolkata-700 017 to transact the following business :-

1. To receive and adopt the Profit and Loss Account of the Company for the financial year ended 31st March 2008, and the Balance Sheet of the company as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend for the financial year ended 31st March 2008.
3. To appoint a Director in place of Mr. B. M. Khaitan who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. U. Parekh who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. A. Monem who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

Special Business

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

7. As an Ordinary Resolution

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act, approval of the Members be and is hereby accorded to the re-appointment of Mr. A. Khaitan as the Managing Director of the Company and to the remuneration payable to him as such Managing Director, for a period of three years with effect from 1st April 2008 upon the terms and conditions as set out in the letter issued by the Company to Mr. Khaitan, a copy whereof duly initialled by the Chairman for the purpose of identification is placed before the Meeting."

8. As an Ordinary Resolution

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act, approval of the Members be and is hereby accorded to the re-appointment of Mr. R. Takru as a Wholetime Director of the Company and to the remuneration payable to him as such Wholetime Director, for a period of three years with effect from 1st April 2008 upon the terms and conditions as set out in the letter issued by the Company to Mr. Takru, a copy whereof duly initialled by the Chairman for the purpose of identification is placed before the Meeting."

9. As an Ordinary Resolution

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act, approval of the Members be and is hereby accorded to the re-appointment of Mr. A. Monem as a Wholetime Director of the Company and to the remuneration payable to him as such Wholetime Director, for a period of three years with effect from 1st April 2008 upon the terms and conditions as set out in the letter issued by the Company to Mr. Monem, a copy whereof duly initialled by the Chairman for the purpose of identification is placed before the Meeting."



10. As an Ordinary Resolution

"RESOLVED that pursuant to the provisions of Sections 198, 269 and 309 of the Companies Act, 1956 read with Schedule XIII to the said Act, approval of the Members be and is hereby accorded to the re-appointment of Mr. K. K. Baheti as a Wholetime Director of the Company and to the remuneration payable to him as such Wholetime Director, for a period of three years with effect from 1st April 2008 upon the terms and conditions as set out in the letter issued by the Company to Mr. Baheti, a copy whereof duly initialled by the Chairman for the purpose of identification is placed before the Meeting."

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

Place : Kolkata

Date : 2nd June 2008

NOTES

- a) A Member entitled to attend and vote at the Annual General Meeting may appoint a Proxy to attend and vote thereat instead of himself. A Proxy need not be a Member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office situated at Four Mangoe Lane, Surendra Mohan Ghosh Sarani, Kolkata-700 001 not later than forty-eight hours before the Meeting.
- b) The relative Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items of special business is annexed hereto.
- c) The information as required to be provided in terms of the Listing Agreement with the Stock Exchanges regarding the Directors who are proposed to be re-appointed is annexed.
- d) The Register of Members and Share Transfer Books of the Company will remain closed from 22nd July 2008 to 29th July 2008 (both days inclusive).
- e) The dividend that may be declared by the Company at the Tenth Annual General Meeting will be paid on or after 1st August 2008 to those Members of the Company holding shares in physical mode whose names appear on the Register of Members as on 22nd July 2008. In respect of the shares held in electronic form the dividend will be paid to the beneficial owners of the shares as on the beginning of 22nd July 2008 as per details provided by the Depositories for this purpose.
- f) Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through Electronic Clearing Services (ECS), wherever ECS facility is available subject to availability of bank account details and 9 digits code number. In case the said details have not been provided to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.
- g) Shareholders holding shares in physical form and desirous of having ECS facility, should provide their bank details and 9 digits code number to the Registrar & Share Transfer Agent of the Company immediately. The shareholders who have already given their bank details should furnish the same only if there is any change.
- h) Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share transfer Agent quoting their Folio Number. Shareholders holding shares in dematerialised form, should intimate change of their address, if any, to their Depository Participant.
- i) In accordance with the provisions of Section 205C of the Companies Act, 1956 any amount of dividend remaining unpaid or unclaimed for a period of seven years from the date such dividend became due for payment shall be transferred to the Investor Education and Protection Fund set up by the Government of India and no claims shall lie against the Fund or the Company in respect of individual amounts so transferred.
Members of the Company and the persons who were the Members of the erstwhile Williamson Tea Assam Limited and The Moran Tea Company (India) Limited (since merged with the Company) who have not yet encashed their dividend warrant(s) for the financial year ended 31.03.2001 and onwards as applicable, are requested to contact the Company forthwith.
- j) A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his queries to the Company at least seven days prior to the Meeting so that the required information can be made available at the Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM No.7**

The Board of Directors ('the Board') of your Company at its Meeting held on 1st April 2008 re-appointed Mr. A. Khaitan as the Managing Director of the Company for a period of three years with effect from 1st April 2008 on the following principal terms and conditions pursuant to Sections 198, 269 and 309 of the Companies Act, 1956 ('the Act') read with Schedule XIII to the Act.

Period : Three years with effect from 1st April 2008.

Remuneration :

Salary : Rs.7,00,000/- per month with such revision as the Board may approve from time to time in the salary grade of Rs.7,00,000/- to Rs.12,00,000/-.

Bonus : Equivalent to six months' salary in a year.

Perquisites :

Housing : Free furnished accommodation with the cost of gas, electricity, water, soft furnishings and telephone being borne by the Company. Cost of personal long distance calls will be borne by Mr. Khaitan. In case no accommodation is provided to Mr. Khaitan, he will be paid House Rent Allowance at the rate of 60% of his salary.

Car : Company car with driver under the Company's Scheme applicable for senior executive staff of the Company.

Medical : Reimbursement for self and family at actuals, including cost of medical insurance.

Leave Travel Concession : For self and family as per applicable Rules of the Company.

Leave Encashment : As per applicable Rules of the Company.

Club Fees : Reimbursement of Club Fees as per applicable Rules of the Company.

Others : Personal Accident Insurance and other perquisites, which are applicable to senior executive staff of the Company shall also apply to Mr. Khaitan.

Other Allowances : A special allowance of Rs.75,000/- per month. In addition, other allowances may be paid as may be decided by the Board from time to time.

Retiral Benefits : Contributions to the Company's Provident Fund and Superannuation Fund and/or Annuity Fund in accordance with the Rules and Regulations governing the said Funds. Gratuity will be payable in accordance with the Rules of the Company and such Gratuity shall not exceed half a month's salary for each completed year of service.

Minimum Remuneration : In the event of loss or inadequacy of profits in any year during the tenure of his office Mr. Khaitan shall be paid the remuneration as above as minimum remuneration subject to the provisions of Section II of Part II of Schedule XIII to the Act.

Leave : Mr. Khaitan will be entitled to leave on full pay, perquisites and allowances as per applicable Rules of the Company.

Nature of Duties : Mr. Khaitan shall subject to the superintendence, control and direction of the Board perform such duties and exercise such powers which have been or may from time to time be entrusted to or vested in him by the Board.



Sitting Fees : Mr. Khaitan shall not be entitled to any Sitting Fees for attending the Meetings of the Board of Directors or Committees thereof.

The aforesaid terms and conditions have been set out in the company's letter issued to Mr. Khaitan.

Pursuant to the provisions of Sections 269 and 309 of the Act, read with Schedule XIII to the Act, the aforementioned re-appointment of Mr. A. Khaitan and the terms as to remuneration, including Minimum Remuneration require the approval of the Members in General Meeting. The above terms as to remuneration including Minimum Remuneration have been approved by the Remuneration Committee of the Board at its Meeting held on 1st April 2008.

During his initial term of appointment as the Managing Director, the Company has acquired three quality Tea Companies adding substantial volume of business and there has also been considerable growth in profitability of the Company under the leadership of Mr. Khaitan. The Board is of the opinion that the re-appointment of Mr. Khaitan as the Managing Director will be beneficial to the Company. The resolution set out in item 7 of the Convening Notice is to be considered accordingly and the Board recommends the same.

A copy of the Company's letter dated 1st April 2008 to Mr. A. Khaitan re-appointing him as the Managing Director is available for inspection by the Members at the Registered Office of the Company on any working day prior to the date of the Meeting between 3.00 p.m. and 5.00 p.m. and also will be available at the Meeting.

Mr. A. Khaitan himself and Mr. B. M. Khaitan and Mr. D. Khaitan being his relatives are interested in the resolution under item 7 of the Convening Notice. No other Director of the Company is concerned or interested in this item of business.

ITEM Nos.8, 9 and 10

The Board of Directors of your Company at its Meeting held on 1st April 2008 resolved to re-appoint Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti as Wholetime Directors of the Company for a period of three years with effect from 1st April 2008 in each case on the following principal terms and conditions applicable to each of the said Wholetime Directors pursuant to Sections 198, 269 and 309 of the Companies Act, 1956 ('the Act') read with Schedule XIII to the Act.

Period : Three years with effect from 1st April 2008.

Remuneration :

Salary : Rs.2,25,000/- per month with such revision as the Board may approve from time to time in the salary grade of Rs.2,25,000/- to Rs.4,50,000/-.

Bonus : Equivalent to six months' salary in a year.

Perquisites :

Housing : Free furnished accommodation will be provided by the Company. In case no accommodation is provided to any Wholetime Director, he will be paid House Rent Allowance at the rate of 60% of his salary.

Car : Company car with driver under the Company's Scheme applicable for senior executive staff of the Company.

Medical : Reimbursement for self and family at actuals, including cost of medical insurance.

Leave Travel Concession : For self and family as per applicable Rules of the Company.

Leave Encashment : As per applicable Rules of the Company.

Club Fees : Reimbursement of Club Fees as per applicable Rules of the Company.

- Others : Gas, electricity, water, etc. and telephone at residence will be borne by the Company in accordance with the Rules of the Company. Cost of personal long distance calls, however, will be borne by him. Personal Accident Insurance and other perquisites which are applicable to senior executive staff of the Company, shall also apply to him.
- Other Allowances : A special allowance of Rs.50,000/- per month. In addition, other allowances may be paid as may be decided by the Board from time to time.
- Retiral Benefits : Contributions to the Company's Provident Fund in accordance with the Rules and Regulations governing the said Funds. Contributions to Superannuation Fund and/or Annuity Fund in accordance with the Rules and Regulations governing the said Funds. Gratuity will be payable in accordance with the Rules of the Company and such Gratuity shall not exceed half a month's salary for each completed year of service.
- Minimum Remuneration : In the event of loss or inadequacy of profits in any financial year, each of Mr. Takru, Mr. Monem and Mr. Baheti will be paid the remuneration as above as minimum remuneration subject to the provisions of Section II of Part II of Schedule XIII to the Act.
- Leave : Mr. Takru, Mr. Monem and Mr. Baheti will be entitled to leave on full pay including perquisites and allowances as per applicable Rules of the Company.
- Nature of duties : Mr. Takru, Mr. Monem and Mr. Baheti shall subject to the superintendence, control and direction of the Board perform such duties and exercise such powers which have been or may from time to time be entrusted to or vested in each of them by the Board.
- Sitting Fees : Mr. Takru, Mr. Monem and Mr. Baheti shall not be entitled to any Sitting Fees for attending the Meetings of the Board of Directors or Committees thereof.

The aforesaid terms and conditions have been set out in the Company's letters dated 1st April 2008 addressed to Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti respectively.

Pursuant to the provisions of Sections 269 and 309 of the Act, read with Schedule XIII to the Act, the aforementioned re-appointments of Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti and the terms as to remuneration, including Minimum Remuneration require the approval of the Members in General Meeting. The above terms as to remuneration including Minimum Remuneration have been approved by the Remuneration Committee of the Board at its Meeting held on 1st April 2008.

The Board is of the opinion that Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti had very efficiently and successfully managed their respective fields of operation namely Production, Marketing and Finance and helped the Company in achieving substantial growth in production and profitability during their initial terms of appointment. The Board is of the opinion that the re-appointments of Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti will prove beneficial to the Company. The Resolutions set out in Items 8, 9 and 10 of the Convening Notice is to be considered accordingly and the Board recommends the same. Copies of the letters dated 1st April 2008 re-appointing Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti as Wholetime Directors are available for inspection by the Members at the Registered Office of the Company on any working day prior to the date of the Meeting between 3.00 p.m. and 5.00 p.m. and also will be available at the Meeting.

Mr. R. Takru, Mr. A. Monem and Mr. K. K. Baheti are interested in the respective Resolution in so far as they relate to them individually. No other Director of the Company is concerned or interested in this item of business.



PARTICULARS RELATING TO DIRECTORS PROPOSED TO BE RE-APPOINTED

1. Name	: Mr. Brij Mohan Khaitan
Age	: 80 years
Qualification	: B. Com.
Expertise	: Mr. B.M. Khaitan is a renowned Industrialist having interest in Tea, Batteries and Engineering. Mr. Khaitan has great contributions to the Tea Industry with which he has been associated for over five decades. He is the Chairman of Williamson Magor & Co. Limited, Eveready Industries India Limited and McLeod Russel India Limited and also on the Boards of certain other Companies.
Other Directorships	: Committee Memberships, if any, with position
Williamson Magor & Co. Limited	
Eveready Industries India Limited	
CESC Limited	
Jay Shree Tea & Industries India Limited	: Remuneration Committee, Chairman
Philips Carbon Black Limited	
Babcock Borsig Limited	
Shareholding in the Company	: 36,280 Equity Shares of Rs.5/- each
2. Name	: Mr. Utsav Parekh
Age	: 51 years
Qualification	: B. Com.(Hons.)
Expertise	: Mr. Parekh, an investment banker, has about 28 years of in-depth experience in merchant banking and financial services. Mr. Parekh is on the Boards of a number of Companies engaged in diverse industries including engineering, paper, capital market services etc.
Other Directorships	: Committee Memberships, if any, with position
The Sirpur Paper Mills Limited	: Audit Committee and Remuneration Committee, Member
McNally Bharat Engineering Co. Limited	: Audit Committee, Member
Xpro India Limited	: Audit Committee and Remuneration Committee, Member
Moving Pictures Co. (India) Ltd.	
Lend Lease Company (India) Ltd.	
SIMCO Telecommunication — (South Asia) Limited	
Salveo Life Sciences Limited	: Remuneration Committee, Member
Transceivers India Limited	
Cable Corporation of India Limited	: Audit Committee, Member
SMIFS Capital Markets Limited	: Audit Committee, Member
Bengal Aerotropolis Projects Ltd.	
Shareholding in the Company	: Nil

3. Name	: Mr. Azam Monem
Age	: 48 years
Qualification	: B. Com. (Hons.)
Expertise	: During the last 28 years Mr. Monem has gained rich experience in tea tasting and marketing. Mr. Monem has had in-depth knowledge in Exports and Domestic Sales of Tea and achieved valuable experience as a buyer, blender and trader. Mr. Monem is the Chairman of ITA's Export Promotion and Marketing Committee and also the Chairman of Calcutta Tea Traders Association. Mr. Monem has been a member of a number of tea delegations to various Countries led by the Tea Board and Commerce Ministry.
Other Directorships	: Committee Memberships, if any, with position
Nil	: Nil
Shareholding in the Company	: Nil

4. Name	: Mr. Aditya Khaitan
Age	: 40 years
Qualification	: B. Com. (Hons.)
Expertise	: Mr. Khaitan has had in-depth exposure to and involvement in steering diverse businesses and has gained considerable experience and expertise in management, production, marketing, corporate finance and other related areas of Tea Industry and also in the matter of restructuring, mergers, demergers and acquisitions of corporate entities. Mr. Khaitan is the Chairman of the Indian Tea Association and Committee Member of Indian Chamber of Commerce and was a Member of Tea Board.

Other Directorships	: Committee Memberships, if any, with position
Williamson Magor & Co. Limited	
Eveready Industries India Limited	
Williamson Financial Services Limited	
Babcock Borsig Limited	Audit Committee and Remuneration Committee, Member
Woodside Parks Limited	
International Development & Engineering Association Limited	
D1 Williamson Magor Bio Fuel Ltd.	Audit Committee and Remuneration Committee, Chairman
Prana Lifestyle Private Limited	
Shareholding in the Company	: 7,266 Equity Shares of Rs.5/- each



5. Name : Mr. Rajeev Takru
 Age : 53 years
 Qualification : B.A.(Hons.)
 Expertise : Mr. Takru has more than 3 decades of experience in the field of Tea Gardens and Tea Plantation activities. He has had in-depth exposure in administration and human resource development. He has held various senior positions in a number of Companies belonging to Williamson Magor Group. Mr. Takru is also associated with health and educational activities. He is on the Boards of Woodlands Medical Centre Limited and The Assam Valley School.

Other Directorships : Committee Memberships, if any, with position

Woodlands Medical Centre Limited

Dufflaghur Investments Limited

Seajuli Developers & Finance Limited

Shareholding in the Company : Nil

6. Name : Mr. Kamal Kishore Baheti
 Age : 45 years
 Qualification : B.A.(Hons.), FCA, ACS, GRAD. CWA.
 Expertise : Mr. Baheti has held various important positions in Accounts and Finance of a number of reputed Companies. He is associated with Tea Companies belonging to Williamson Magor Group since 1989 and during this period has gained considerable expertise in the matters pertaining to Accounts and Finance of Tea Companies as also in the matter of Corporate Finance, Capital Market activities, restructuring, mergers and demergers of Corporate entities. Mr. Baheti is a Member of the Finance and Taxation Sub-Committee of Indian Tea Association and Indian Chamber of Commerce.

Other Directorships : Committee Memberships, if any, with position

Dufflaghur Investments Limited

Majerhat Estates & Developers Ltd.

Williamson Financial Services Ltd. : Shareholders' Grievance Committee and Remuneration Committee, Member

Woodside Parks Limited

Metals Centre Limited

ABC Tea Workers Welfare Services

Ichamati Investments Private Ltd.

United Machine Company Limited

Noble House Trading & Investments
 Limited

Bonus Trading & Investments
 Private Limited

Queens Park Property Co. Limited

Seajuli Developers & Finance Ltd.

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

Contents	Page
Report of the Directors	2
Management Discussion and Analysis	8
Report on Corporate Governance	10
Report of the Auditors	23
Balance Sheet	26
Profit and Loss Account	27
Schedules to Accounts	28
Cash Flow Statement	56
Consolidated Accounts	61
Particulars of Tea Estates	92

Bankers

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

Solicitors

Khaitan & Co.

Board of Directors

Brij Mohan Khaitan *Chairman*
 Deepak Khaitan *Vice-Chairman*
 Aditya Khaitan *Managing Director*
 Rama Shankar Jhawar *Directors*
 — upto 31.03.2008
 Raghavachari Srinivasan
 Bharat Bajoria
 Ranabir Sen
 Utsav Parekh
 Ajay Saraf (*Nominee of ICICI Bank Ltd.*)
 Rajeev Takru *Wholetime Directors*
 Azam Monem
 Kamal Kishore Baheti
 Amitabha Guha Sarkar *Company Secretary*
Audit Committee of the Board
 Raghavachari Srinivasan *Chairman*
 Bharat Bajoria
 Ranabir Sen
 Rama Shankar Jhawar
 — upto 31.03.2008
 Ajay Saraf

**Shareholders'/Investors' Grievance
Committee of the Board**

Ranabir Sen *Chairman*
 Rama Shankar Jhawar
 — upto 31.03.2008
 Bharat Bajoria
 Utsav Parekh

Remuneration Committee of the Board

Bharat Bajoria *Chairman*
 Raghavachari Srinivasan
 Ranabir Sen
 Ajay Saraf - w.e.f. 29.01.2008

Auditors

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

Registered Office

Four Mangoe Lane
 Surendra Mohan Ghosh Sarani
 Kolkata - 700 001
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