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Bankers

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

Solicitors

Khaitan & Co.

Registrar

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

Board of Directors

Brij Mohan Khaitan	Chairman
Deepak Khaitan	Vice-Chairman
Aditya Khaitan	Managing Director
Raghavachari Srinivasan	
Bharat Bajoria	
Ranabir Sen	
Utsav Parekh	
Srikandath Narayan Menon	
Balaji Viswanathan Swaminathan	
Rajeev Takru	Wholetime Director
Azam Monem	Wholetime Director
Kamal Kishore Baheti	Wholetime Director
Amitabha Guha Sarkar	Company Secretary

Audit Committee of the Board

Raghavachari Srinivasan	Chairman
Bharat Bajoria	
Ranabir Sen	
Srikandath Narayan Menon	

Shareholders'/Investors' Grievance Committee of the Board

Ranabir Sen	Chairman
Bharat Bajoria	
Utsav Parekh	

Remuneration Committee of the Board

Bharat Bajoria	Chairman
Raghavachari Srinivasan	
Ranabir Sen	

Auditors

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

Registered Office

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



REPORT OF THE DIRECTORS

For the financial year ended 31st March 2010

Your Directors have pleasure in presenting the Annual Report with the audited Accounts of your Company, for the financial year ended 31st March 2010.

REVIEW OF PERFORMANCE

The Financial Results of the Company for the year ended 31st March 2010 are summarized below:

	2009-10 Rs.In Lakhs	2008-09 Rs.In Lakhs
Profit before Interest, Depreciation and Taxation	36,331.32	20,672.91
Less: Interest and Exchange Fluctuation (Net)	2,526.80	7,657.89
	<u>33,804.52</u>	<u>13,015.02</u>
Less: Depreciation & amortisation	2,711.72	2,604.37
Profit before Taxation	<u>31,092.80</u>	<u>10,410.65</u>
Taxation Charge		
Current Tax	6,561.00	1,015.00
Deferred Tax	498.89	297.06
Fringe Benefit Tax	—	220.00
Profit after Taxation	<u>24,032.91</u>	<u>8,878.59</u>
Balance brought forward from previous year	<u>4,309.02</u>	<u>3,991.58</u>
Balance available for Appropriations	<u>28,341.93</u>	<u>12,870.17</u>
Proposed Dividend	4,378.23	2,189.11
Tax on Proposed Dividend	727.17	372.04
Transfer to General Reserve	<u>14,000.00</u>	<u>6,000.00</u>
Balance carried forward	<u>9,236.53</u>	<u>4,309.02</u>

The Board is pleased to report that in the year under review your Company has achieved best ever turnover and profits surpassing all previous records. The sales turnover of your Company for the first time has crossed Rs.100000 lakhs during the year reaching at Rs.107682 lakhs. The Company has earned a profit before interest, depreciation and taxation (PBIDT) of Rs.36331 lakhs against Rs.20673 lakhs in the previous year. The net profit for the year was Rs.24033 lakhs which is higher by 171% as compared to the net profit earned in the previous year. The considerable growth in turnover and profit is attributable to significant improvement in tea prices during the year, both in India and in export market as also increase in the volume of production.

DIVIDEND

Your Directors are pleased to recommend for approval of the shareholders a dividend of Rs.4/- per equity share on 10,94,55,735 fully paid up equity shares of Rs.5/- each being 80% on the paid up value of the equity shares of the Company for the year ended 31st March 2010 as against 40% (Rs.2/- per share) paid for the earlier year.

REVIEW OF OPERATIONS

During the financial year, your Company produced 771.80 Lakh Kgs tea as compared to 748.47 Lakh Kgs in the previous year. Conducive weather conditions favored growth in the South Bank. During the beginning of the year the North Bank and Dooars faced drought conditions leading to a drop in crop.

The Uprooting and Replanting Policy of your Company has proved to be a success. The percentage of tea under fifty years has been on the rise thus contributing to an increase in the average yield of estates, which is higher than the Industry average. A high standard of nurseries with the required Clonal Blend is being maintained.



Your Company's focus has always been to produce quality teas, which commanded a premium both in the domestic and international market. As part of the upgradation and modernization programme of factories, withering capacity was increased on eight estates. Twelve Rotorvanes, fourteen CTC machines, one Continuous Fermenting Machine (CFM), six Vibro Fluid Bed Dryers (VFBD), six coal stoves and one mini boiler were purchased and installed in various factories. In some factories extension of building was undertaken to accommodate additional sorting machinery and create additional storage space for packed tea. To augment the standby generating capacity three new 500 KVA and one 125 KVA diesel generating sets and two 380 KVA Gas generating sets were installed. On estates where natural gas was available, seven new bi fuel kits were installed to facilitate running the generating sets both on High Speed Diesel (HSD) or Natural gas. For undertaking river embankment work bordering tea estates and deepening outlet drains, two new JCB Excavators were purchased. Forty new pruning machines were also procured to facilitate completion of pruning in time. One new Blending drum with a capacity of 2000 kgs per hour was installed at Nilpur Blending Unit as we anticipate an increase in demand for blended tea during 2010/11.

The Company now has forty five Hazard Analysis and Critical Control Points (HACCP) certified factories. Your Company also has four estates certified as "Fairtrade" and ten estates certified as "Rainforest Alliance." The Nilpur Blending Unit is a HACCP Certified unit.

The average price realization for the Company's tea for the year was Rs.137.25 per kg which is higher by Rs.26.22 as compared to the previous year.

The Company saw a total export quantum of 28.8 million kgs in 2009/10 with an overall turnover of over Rs.425 crore. Favourable feedback was received from the buyers both in terms of quality and deliveries.

GROWTH THROUGH ACQUISITIONS IN INDIA AND ABROAD

Growth is a continuous process in your Company. Ever since it commenced its operations as a tea company, it set its growth target on a yearly basis and so far has been successful in achieving it. During the first three years growth came by way of acquisition of three renowned tea companies having plantations in the quality tea belt in Assam. Subsequently these companies were merged with your Company resulting in substantial growth in turnover and profitability. Finding opportunities for further growth being limited in the country, the Company later set its sight on the overseas tea growing nations. The first Company acquired abroad was Phu Ben Tea Company Limited, a major tea plantation Company of Vietnam in 2009 through Borelli Tea Holdings Limited (Borelli), the wholly owned subsidiary of the Company. Borelli gained control of the largest tea plantation Company of Uganda namely, James Finlay (Uganda) Limited (JFUL) in January this year when it bought the entire share capital of its holding Company. Even after having acquired five quality tea companies in five consecutive years, your Company still has the appetite for further growth and is on the look out for plantations in India and abroad which match with its quality profile. The Company will be continuously thriving for growth, not only in terms of volume but also quality.

CORPORATE SOCIAL RESPONSIBILITY

Your Company is conscious of its social responsibilities and the environment in which it operates. It has continued with its welfare activities for development in the fields of education, culture and other welfare measures and to improve the general standard of living in and around the tea estates. The emphasis is on improvement of health, development of education, culture and sports. Medical assistance was also provided to the nearby villages through medical camps. Your Company facilitated a successful cataract operation camp for two hundred twenty nine patients at Shankardev Netralaya, Guwahati.

A high standard of medical care is provided to the work force through well equipped individual estate hospitals and specialized treatment at the Central hospitals. The Mother's Club is being given wide spread recognition.

The Assam Valley School has emerged as a premier public school of the country and continues to provide excellent opportunity to the children of the planting community and in the North East in terms of academics and all round development.

With the Company's continued support The Assam Valley Literary Award is being felicitated each year. This year the award was conferred on an eminent Assamese writer Sri Imran Shah in acknowledgement of his contribution in the field of Assamese Literature. Scholarships were provided to meritorious students from the North East and this was funded by the Williamson Magor Education Trust.



The Tea Tourism at Balipara in Assam, in partnership with River Journeys and Bungalows of India Private Limited, is gaining popularity. The Company is studying the possibility of developing more such opportunities in other areas of Assam.

D1 WILLIAMSON MAGOR BIO FUEL LIMITED

D1 Williamson Magor Bio Fuel Limited, (D1WML) was incorporated in July 2006 under a 50:50 joint venture agreement between Williamson Magor & Co. Limited (WML) and D1 Oils Trading Ltd. U.K. to facilitate development of Jatropa plantation under contract farming arrangements for production of bio diesel from Jatropa Oilseeds. Being an associate of WML your Company presently holds 33.56% of equity capital of D1WML.

As a clean fuel, alternate to fossil fuel, the market for bio diesel has been increasing globally at a faster rate. The global production of bio diesel during the year 2008 at 11.1 Million MT registered a growth of 23% over previous year.

There has been an acute shortage of bio diesel feedstock and D1WML has developed about 132,000 hectares of plantation at different stages of maturity. The company has observed 2009-10 as the year of consolidation of plantation and estimates about 60% of the farms are duly maintained by the farmers to produce commercial crop.

The initial harvest of oilseed on young plantation carried out during 2009-10 is being used for extension and consolidation. D1WML expects sub commercial harvest during 2010-11 for oil expelling and commercial harvest in 2011-12. The company has acquired about 28 acres of land in Balipara Industrial Growth Centre, Assam for setting up a bio diesel processing unit.

SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

Borelli Tea Holdings Limited, U.K. (Borelli), the wholly owned subsidiary of the Company during the year acquired controlling stakes of the following Companies :-

- (i) 75% of the controlling stake of Olyana Holdings LLC (Olyana) incorporated in USA.
- (ii) 100% of the share capital of Rwenzori Tea Investments Limited (Rwenzori) incorporated in Uganda.

Borelli gained control of James Finlay (Uganda) Limited (JFUL) which is a 100% subsidiary of Rwenzori Tea Investments Limited. Steps have been taken to rename JFUL as McLeod Russel Uganda Limited which will take effect shortly. Earlier Borelli had acquired 100% of the controlling stake of Phu Ben Tea Company Limited of Vietnam (Phu Ben). Thus your Company now has five Subsidiaries namely, Borelli, Phu Ben, Olyana, Rwenzori and JFUL.

Borelli acquired 75% stake of Olyana with the objective of making investments through this subsidiary in tea plantation and processing activities in Africa. Olyana had entered into a Share Sale Agreement with the Government of Rwanda for acquisition of 60% stake in a Company known as Gisovu Tea Company Limited. Subsequently, some disputes had cropped up. Finally Olyana has filed an Arbitration Application in Washington DC with the International Centre for Settlement of Investment Disputes, a body constituted by the World Bank and expects that the application will be disposed of in the next few months.

In January 2010 Borelli acquired 100% of share capital of Rwenzori. Rwenzori holds 100% of controlling stake of JFUL engaged in cultivation and manufacture of tea in Uganda. JFUL has six tea estates and five tea processing factories with an annual production of over 15 million kgs of tea taking the overall tea produced by your Company and its subsidiaries to around 96 million kgs per annum. JFUL is a profit making and dividend paying Company.

During the year ended 31st December 2009 Phu Ben achieved a total production of 4.43 million kgs of tea. During this period the Company recorded a net profit in Indian Rs.2.3 crore on a sales turnover of Rs.26 crore. Phu Ben acquired its fourth factory enhancing its production capacity and the level of quality.

As required under the Listing Agreement with the Stock Exchanges, Consolidated Financial Statements of the Company, its five Subsidiaries and two Associate Companies namely D1WML and Babcock Borsig Limited prepared in accordance with the applicable Accounting Standards issued by The Institute of Chartered Accountants of India are attached.



DIRECTORS

Since the last Report there has been no change in the Board of Directors. In accordance with the provisions of the Articles of Association of the Company, Mr. B. M. Khaitan, Dr. R. Srinivasan, Mr. Bharat Bajoria and Mr. Ranabir Sen will retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

COST AUDIT

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

AUDITORS

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

AUDITORS' REPORT

With regard to the observation made by the Auditors in their Report relating to non-ascertainment of value of green leaf consumed, reference is made to Note 20(b) of Schedule 17 of the Accounts, which is self-explanatory.

MANAGEMENT DISCUSSION & ANALYSIS REPORT AND REPORT ON CORPORATE GOVERNANCE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts for the financial year ended 31st March 2010, the applicable accounting standards had been followed with no material departures;
2. That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

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

EMPLOYEE RELATIONS

The Company has a large work force employed on tea estates. The welfare and well being of the workers are monitored closely and harmonious relations with its employees are being maintained.

The Industrial relations remained cordial throughout the year and your Board of Directors wishes to place on record its appreciation for the dedicated services rendered by the executives, staff and workers at all levels and for the smooth functioning of all estates. The policy of transparency and recognition inspired the employees to contribute their best efforts for the Company.

Particulars of employees required under Section 217(2A) of the Companies Act, 1956 are given in the Annexure forming part of this Report.

For and on behalf of the Board

Place : Kolkata
Date : 30th May 2010

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



Annexure to the Directors' Report 2009-2010

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year ended 31st March 2010.

A. CONSERVATION OF ENERGY

- 1 The Company has installed numerous energy efficient machines in the tea estates. Withering facility was enhanced on eight estates. Twelve Rotorvanes, fourteen CTC machines, one CFM, six VFBD, six coal stoves and one mini boiler were installed in various estates. This would reduce the energy consumption in tea factories with improved productivity of machinery resulting in lesser hours of manufacture.
- 1 Three new 500 KVA generating sets, one 125 KVA generating set and two 380 KVA Gas generating sets were installed. Seven new Bi fuel kits were also installed to facilitate running the generating sets on both, High Speed Diesel Oil or Natural Gas. Thereby the generating sets have been rationalized with improved efficiency and lesser consumption of fuel.
- 1 The energy consumption for domestic purposes has been rationalized through creation of awareness and regular monitoring.

B. POWER & FUEL CONSUMPTION

	Year ended 31.03.2010	Year ended 31.03.2009
1. Electricity		
(a) Purchased :		
- Units (Kwh)	54198894	53957794
- Total Amount (Rs.)	323980437	312221647
- Rate / Unit (Rs.)	5.98	5.79
(b) Own Generation :		
Through Diesel Generator		
- Units (Kwh)	16211107	14382559
- Units per Litre of Diesel Oil	2.98	2.94
- Cost / Unit (Rs.)	11.34	11.46
2. Coal		
- Quantity (Tonnes)	42117	40202
- Total Amount (Rs.)	197787788	181335932
- Average Rate (Rs.)	4696.15	4510.61
3. Furnace Oil		
- Quantity (Litres)	674209	1146025
- Total Amount (Rs.)	22893188	42592505
- Average Rate (Rs.)	33.96	37.17
4. Total Power and Fuel consumption per unit of production of Tea		
- Saleable Production - Tea (Kgs)	77179896	74846606
- Electricity (Kwh)	0.91	0.91
- Furnace Oil (Litre)	0.01	0.02
- Coal (Kg.)	0.55	0.54
- Others (Rs.)	1.16	1.21

C. RESEARCH AND DEVELOPMENT

The Company continues with the policy of reviewing clone blend to improve the yield and quality of tea estates. The production of Vermicompost was increased by tea estates to improve the organic status of the soil. This will result in improving the yield in all areas of extension and replanted teas.

**EXPENDITURE ON RESEARCH & DEVELOPMENT**

	Year ended 31.03.2010	Year ended 31.03.2009
(a) Capital	Nil	Nil
(b) Revenue	84.84	82.85
(c) Total	84.84	82.85
(d) Total R&D Expenditure as % of turnover	0.08	0.10

D. TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- 1 The Company undertakes modernization and upgradation of factories on a regular basis with improved technology.
- 1 Seminars, workshops and group discussions with flow of feed back from field and factory workers are held regularly.
- 1 Efficient training of Staff with a definite approach towards improving their efficiency are conducted regularly.
- 1 Innovative achievements of the operating people in the agriculture and manufacture of tea are highly encouraged in the Company's interest.

E. FOREIGN EXCHANGE INCOME & OUTGO

During the year, the Company's direct exports were 288.34 lakh kgs (2008-09 : 266.38 lakh kgs) of Tea.

	Year ended 31.03.2010	Year ended 31.03.2009
	Rs. lakhs	Rs. Lakhs
Foreign Exchange Earnings	42101.47	30839.63
Foreign Exchange Outgo	1952.61	1122.65

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

Name	Designation/ Nature of Duties	Remuneration (Rs. in Lakhs)	Qualifications	Experience (Years)	Date of Employment	Age	Previous Employment/ Position held
A. Khaitan	Managing Director	178.41	B. Com. (Hons.)	19	01.04.2005	42	N. A.
R. Takru	Wholetime Director	84.09	B. A. (Hons.)	35	01.04.2005	55	Eveready Industries India Limited Senior Vice-President
A. Monem	Wholetime Director	72.51	B. Com. (Hons.)	30	01.04.2005	50	Eveready Industries India Limited Senior Vice-President
K.K. Baheti	Wholetime Director	83.75	B. Com. (Hons.) FCA., ACS., AICWA	21	01.04.2005	47	Eveready Industries India Limited Vice-President
N.L. Ganguly	Visiting Agent, Margherita	31.85	M.A. (Economics)	36	22.05.1974	60	Eveready Industries India Limited General Manager Margherita
D.K. Sharma	Visiting Agent, Pertabghur	25.70	B.A. (Economics)	36	01.04.1974	60	Eveready Industries India Limited General Manager Addabarie

Notes :

1. Remuneration as shown above includes, inter alia, value of perquisites and Company's contribution to retiral funds as applicable.
2. The above employees were wholetime employees during the financial year ended 31st March 2010 except Mr. D. K. Sharma, who retired from service on 30th November 2009.
3. None of the above employees is related to any Director of the Company within the meaning of Section 6 of the Companies Act, 1956 except Mr. A. Khaitan, who is a relative of Mr. B.M. Khaitan and Mr. D. Khaitan.

For and on behalf of the Board

Place : Kolkata
Date : 30th May 2010

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



MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

India, world's largest black tea producer, produced approximately 980 million kgs during the calendar year 2009 representing 41% of global black tea production. Black tea production by other main tea producers during 2009 was Kenya (315 million kgs), Sri Lanka (280 million kgs), other African countries (165 million kgs), Vietnam (145 million kgs), Indonesia (80 million kgs) and Bangladesh (59 million kgs).

Kenya and Sri Lanka experienced drought like situation during first half of 2009 losing approximately 31 million kgs and 38 million kgs respectively as compared to previous year. India, however maintained last year's crop level. Export from India during 2009 was lower by 10 million kgs as compared to last year. Strong consumption growth and negative carried forward stocks had positive impact on prices of tea which went up by Rs. 20/- per kg over and above an increase of Rs. 22/- per kg last year. Production short fall in Kenya and Sri Lanka also impacted global tea prices which went up by 20% to the record levels. Costs in India had gone up by Rs. 6/- per kg due to increase in wages and other input costs. Tea industry in Assam had signed the labour agreement for wages for 45 months effective 1st January 2010.

OPPORTUNITIES AND THREATS

Despite production shortfall in Kenya and Sri Lanka due to unfavourable weather condition, Indian exports fell by 10 million kgs as compared to last year on account of strong domestic demand and consumption. Domestic consumption is estimated at 860 million kgs during the year 2010. Since no addition to the land under tea cultivation by organized sector has taken place in last 5 years and uprooting and replanting of low yielding section takes 3 - 5 years to materialize, the production in next few years is estimated to be stagnant to very insignificant growth. Demand for orthodox teas by CIS and Middle East countries revived during 2009 after a brief lull during the global financial crisis in 2008. Stable currency in India during 2009 had a positive impact on export prices from India. However, any reversal of the trend may impact export realization.

RISKS AND CONCERNS

The Tea Industry is largely dependant on the vagaries of nature. The Industry is highly labour intensive and is subject to stringent labour laws. Comparatively high labour costs, high social cost over most other tea producing countries, high infrastructure costs and increasing energy and other input costs remain the major problems for the Indian Tea Industry. Shortage of labour during peak season in some pockets is also a cause for concern.

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

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

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

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



OUTLOOK

Weather condition in Kenya and Sri Lanka during the first four months of the current year was conducive for tea production and helped in reviving the production which is estimated to be higher by 75 million kgs upto April 2010 as compared to drought hit period last year. The global shortfall of approximately 140 million kgs at the beginning of the year and strong consumption growth with revival of production in Kenya and Sri Lanka should stabilize the prices at the last year's level. However, stagnant production and strong consumption growth in India should lead to firmer prices post July 2010. The tea prices are currently ruling at the same level as last year. Due to the revision of wages and normal increase in other costs, cost of production is also likely to increase.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Company has an Audit Committee, the details of which have been provided in the Corporate Governance Report. The Audit Committee reviews Audit Reports submitted by the Internal Auditors. Suggestions for improvement are considered and the Audit Committee follows up the implementation of corrective actions. The Committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time. The Risk Management Policy adopted by the Company has further strengthened the internal control system.

FINANCES

Financial ratios have improved substantially over last two years. Net debt as on 31st March 2010 amounted to Rs.258 Crores as compared to Rs.385 Crores as on 31st March 2009. Internal generation has been used to reduce the net borrowing by Rs.127 Crores.

HUMAN RESOURCES

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

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis Report in regard to projections, estimates and expectations have been made in good faith. Many unforeseen factors may come into play and affect the actual results, which could be different from what the Directors envisage in terms of future performance and outlook. Market data and product information contained in this Report have been based on information gathered from various published and unpublished reports, and their accuracy, reliability and completeness cannot be assured.

Place : Kolkata
Date : 30th May 2010

For and on behalf of the Board

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



REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

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

2. BOARD OF DIRECTORS

(i) Composition

The Board of Directors of your Company as on 31st March 2010 consisted of twelve Directors as under:

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

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

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

Name and category of the Directors on the Board, their attendance at Board Meetings held during the financial year ended 31st March 2010, number of Directorships and Committee Chairmanships/ Memberships held by them in other public limited companies are given below. Other Directorships do not include alternate Directorships, Directorship in Private Limited Companies, Companies under Section 25 of the Companies Act, 1956 and of the Companies incorporated outside India. Chairmanship/Membership of Board Committees relates to only Audit and Shareholders'/Investors' Grievance Committees.

Name of Directors	Category	No. of Board Meetings		Whether attended last AGM held on 28th July 2009	No. of Directorships in other public limited companies	No. of Committee positions held in other public limited companies	
		Held during the year	Attended			As Chairman	As Member (#)
MR. B. M. KHAITAN	NON-EXECUTIVE CHAIRMAN	6	6	YES	6	—	1
MR. D. KHAITAN	NON-EXECUTIVE VICE-CHAIRMAN	6	1	NO	7	—	1
MR. A. KHAITAN	MANAGING DIRECTOR	6	6	YES	7	1	2
DR. R. SRINIVASAN	NON-EXECUTIVE & INDEPENDENT	6	6	YES	7	3	8
MR. B. BAJORIA	NON-EXECUTIVE & INDEPENDENT	6	5	YES	8	—	—
MR. R. SEN	NON-EXECUTIVE & INDEPENDENT	6	6	YES	1	—	—
MR. U. PAREKH	NON-EXECUTIVE & INDEPENDENT	6	4	YES	6	—	3
MR. S. N. MENON	NON-EXECUTIVE & INDEPENDENT	6	6	YES	7	—	2
MR. B. V. SWAMINATHAN	NON-EXECUTIVE & INDEPENDENT	6	1	NO	—	—	—
MR. R. TAKRU	WHOLETIME DIRECTOR	6	6	YES	3	—	—
MR. A. MONEM	WHOLETIME DIRECTOR	6	6	YES	—	—	—
MR. K.K. BAHETI	WHOLETIME DIRECTOR	6	6	YES	11	—	2

(#) including Chairmanship, if any.

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