

## Rossell Tea



## Rossell Techsys

Aerospace and Defense



## Rossell Hospitality

KEBAB XPRESS



# Rossell India Limited

Annual Report | 2015-2016



# Corporate Information

## BOARD OF DIRECTORS

H. M. Gupta, *Executive Chairman (KMP – Chief Executive Officer)*

Dr. S. S. Baijal, *Non-Executive-Independent Director*

H. M. Parekh, *Non-Executive-Independent Director*

V. P. Agarwal, *Non-Executive-Independent Director*

C. S. Bedi, *Managing Director (KMP)*

N. Palchoudhuri, *Non-Executive Non-Independent Director*

## AUDIT COMMITTEE

Dr. S. S. Baijal, *Non-Executive-Independent Director (Chairman)*

H. M. Parekh, *Non-Executive-Independent Director (Member)*

V. P. Agarwal, *Non-Executive-Independent Director (Member)*

N. Palchoudhuri, *Non-Executive Non-Independent Director (Member)*

## NOMINATION AND REMUNERATION COMMITTEE

H. M. Parekh, *Non-Executive-Independent Director (Chairman)*

Dr. S. S. Baijal, *Non-Executive-Independent Director (Member)*

V. P. Agarwal, *Non-Executive-Independent Director (Member)*

## STAKEHOLDERS' RELATIONSHIP COMMITTEE

H. M. Parekh, *Non-Executive-Independent Director (Chairman)*

V. P. Agarwal, *Non-Executive-Independent Director (Member)*

C. S. Bedi, *Managing Director (Member)*

## CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Dr. S. S. Baijal, *Non-Executive-Independent Director (Chairman)*

V. P. Agarwal, *Non-Executive-Independent Director (Member)*

C. S. Bedi, *Managing Director (Member)*

## RISK MANAGEMENT COMMITTEE

H. M. Parekh, *Non-Executive-Independent Director (Chairman)*

N. Palchoudhuri, *Non-Executive Non-Independent Director (Member)*

C. S. Bedi, *Managing Director (Member)*

## CHIEF FINANCIAL OFFICER -CUM-COMPANY SECRETARY

N. K. Khurana (KMP)

## AUDITORS

S. S. Kothari & Co.,  
Chartered Accountants

## BANKERS

Commonwealth Bank of Australia

HDFC Bank Limited

Kotak Mahindra Bank Limited

The Federal Bank Limited

## REGISTERED OFFICE

Jindal Towers, Block 'B', 4th Floor,  
21/1A/3, Darga Road, Kolkata - 700017

KMP – (Key Managerial Personnel)

## Across the Pages

Report of the Board of Directors **2** Independent Auditors' Report **48** Balance Sheet **54** Profit and Loss Statement **55**

Cash Flow Statement **56** Notes to the Balance Sheet **58** Notes to the Profit and Loss Statement **65** Notes **68**

Independent Auditors' Report on Consolidated Financial Statements **76** Consolidated Balance Sheet **80**

Consolidated Profit and Loss Statement **81** Consolidated Cash Flow Statement **82** Notes to the Consolidated Balance Sheet **84**

Notes to the Consolidated Profit and Loss Statement **91** Consolidated Notes **94**



## Report of the Board of Directors

for the year ended 31st March, 2016

*Dear Members,*

Your Directors have pleasure in presenting their Twenty Second Annual Report together with the Audited Accounts for the year ended 31st March, 2016.

### FINANCIAL SUMMARY HIGHLIGHTS

₹ in Lakhs

Particulars	Year ended 31st March 2016	Year ended 31st March 2015
<b>Profit before finance cost and Depreciation</b>	<b>2,850.11</b>	2,255.81
Less : Finance Cost	<b>691.48</b>	724.45
<b>Profit before Depreciation</b>	<b>2,158.63</b>	1,531.36
Less : Depreciation	<b>953.01</b>	956.41
<b>Profit before Exceptional Items</b>	<b>1,205.62</b>	574.95
Exceptional Items	—	—
<b>Profit before Taxation</b>	<b>1,205.62</b>	574.95
Less : Provision for current Taxation		
Current year	<b>300.00</b>	170.00
Earlier Years	<b>100.00</b>	—
Deferred Taxation adjustment	<b>(151.84)</b>	4.48
<b>Profit After Taxation</b>	<b>957.46</b>	400.47
Add : Balance brought forward	<b>450.36</b>	370.06
<b>Profit available for appropriation</b>	<b>1,407.82</b>	770.53
Appropriated as under :		
General Reserve	<b>700.00</b>	100.00
Dividend on Equity Shares		
Interim Dividend @ 25%	<b>183.48</b>	—
Final Dividend Proposed Nil (2015-25%)	—	183.48
Tax on Dividend	<b>37.35</b>	36.69
Balance carried forward	<b>486.99</b>	450.36
	<b>1,407.82</b>	770.53

### SHARE CAPITAL

During the year under review:

- No Equity shares have been issued with differential voting rights. Hence, no disclosure is required in terms of Rule 4 (4) of Companies (Share Capital and Debentures) Rules, 2014.
- No issue of Sweat Equity Share has been made. Hence, no disclosure is required in terms of Rule 8 (13) of Companies (Share Capital and Debentures) Rules, 2014.
- There was no issue of Employee Stock Option. Hence, no disclosure is required in terms of Rule 12 (9) of Companies (Share Capital and Debentures) Rules, 2014.
- There was no provision made by the Company for any money for purchase of its own shares by employees or by trustees for the benefit of employees. Hence, no disclosure is required in terms of Rule 16 (4) of Companies (Share Capital and Debentures) Rules, 2014.
- The issued, subscribed and paid up share capital of the Company as on 1st April, 2015 at ₹ 733.93 lakhs divided into 3,66,96,475 of ₹ 2 each remained unchanged as on 31st March, 2016.

### APPROPRIATION OF PROFIT AFTER TAX FOR TRANSFER TO RESERVES

Your Directors proposed to transfer a sum of ₹ 700 lakhs to General Reserve before declaration of any dividend in terms of first proviso to Sec. 123(1) of the Companies Act, 2013.

### DIVIDEND

The Company has paid an interim dividend of ₹ 0.50 per Equity Share of ₹ 2 each during the year under review. With a view to conserve resources for the future requirements, your Directors have not recommended any final dividend for approval of the

## Report of the Board of Directors

Members. Therefore, the interim dividend of ₹ 0.50 per Equity Share of ₹ 2 each, as declared by the Board at their Meeting held on 16th March, 2016 is the total dividend on the Equity Shares of the Company for the financial year ended 31st March, 2016.

### THE STATE OF COMPANY'S AFFAIRS

#### REVENUE

The gross revenue from operations of your Company including sale of tea, avionics equipment, receipts from technical and support services and sale of food and beverages by Kebab Xpress was higher at ₹ 15,751.98 lakhs for the year under review as against ₹ 14,049.96 lakhs in the previous year. The Company has also sold for the first time, Black Pepper worth ₹ 4.35 lakhs in the year under review.

#### PERFORMANCE

##### Rossell Tea

The Directors view with great satisfaction the performance of Rossell Tea Division for the year 2015-2016. The Division continued to produce teas which achieved once again, the highest quality and price standards in the tea industry, in keeping with its past performance. Our teas continued to be a benchmark for top quality teas out of Assam be it orthodox or CTC.

The year 2015 began on the back of very poor winter rains, with the dry period extending from October 2014 – March 2015. Cropping therefore, was poor in the first quarter. A poor June 2015 crop translated into smaller second flush offers for export to the continent. Thereafter due to heavy rains on some estates and poor precipitation on others, crops fell away through to November. Earlier in the year Romai T.E. was hit by a severe hailstorm and the crop loss was ascertained at 1.30 lakh kgs. i.e. 21% of the estate crop.

Between October 2015 and March 2016 tea growing areas in Assam, with few exceptions had useful winter rains. This resulted in a near record crop in March 2016, which to an extent salvaged the crop situation and the Division finished the year +3.87% i.e. 1.89 lakh kgs. ahead of 2014-2015. This is a satisfactory situation given Romai T.E.'s loss due to hailstorm of 1.30 lakh kgs. Overall the Division's improved performance on the crop front, was foreshadowed by the crop loss due to hail damage at Romai.

The start of the season saw large offerings prior to the implementation of the Plant Protection Code. These volumes were carried into the new season depressing the market. Thereafter, the market quickly segmented itself and the better produce of CTC teas of the new season met with strong demand and were clearly rewarded. The orthodox market, where the carry-forward stock was negligible at the auction centers, started on a subdued note, owing to high stock in the Middle Eastern countries. As the season progressed, we continued to see a strong demand and better price realization for quality CTC teas, but reduced demand for quality orthodox whole leaf grades in particular, which sold at lower levels than 2014. The Euro being weaker against previous year, also affected the export price realization of orthodox category to the European markets. Year 2015 also saw production of about 5.00 million kgs. extra orthodox tea in Assam, increasing the availability and making the competition more severe than other years.

However, despite of all these odds, our orthodox average for the period under review is ₹ 261.06 against ₹ 249.20 per kg. of last year and the Assam district orthodox average of ₹ 219.61 clearly indicating Rossell's capability of producing premium quality of orthodox backed with strong marketing abilities. In the CTC category, our average for the same period was ₹ 221.17 against ₹ 196.83 per kg. of last year and Assam district average of ₹ 153.76 per kg., which is indicative of the fact that your Company produced some excellent quality CTC, as well, during 2015, which was amply rewarded by the buyers.

On the export front, the Division performed under several challenges, owing to availability of more quantity of orthodox. The Euro was weak during the quality period and thereafter, there was very slow opening of LCs from Iran as also delayed payments. This Division constantly fought the odds and finished the year with 1.48 million kgs. of export, which is marginally behind last year's figure of 1.51 million kgs. However, our quantity of exports increased to the quality conscious markets in Germany, UK and USA, and we have initiated shipments to a new buyer in UAE. The marginal shortfall is owing to slightly lower shipments to Iran. The price realization, however, increased by ₹ 12.04 per kg. over the previous year.

At Rossell Tea, as in the past, we continued to maintain a judicious product-mix. This allowed each estate to perform to its core competence and to sustain the profitability. Our policy of prudent cost management and productivity enhancement despite lower crop, has helped us to negate the inflationary pressures.

Aided by erratic weather, pest activity was heightened through the year and due to climate change and continuing deforestation along the tea belt, this has become a major cost sink. Climate change poses its unique challenges to the cultivation of tea, in as much increasing temperatures and declining water tables during the dry months majorly affect crop. Erratic rainfall in the monsoon continues to lead to increased flooding as well as water logging and loss of quality at times.

The Company has during the year continued to strengthen its assets through upgradation. Investments in the areas of worker housing and hygiene saw a further increase. Modernization and upgradation in factories continued in this financial year 2015-



## Report of the Board of Directors

2016. The Company entered its 15th year of uprooting and replanting activity. This is a part of a long term strategy to strengthen the tea fields and improve the quality quotient in the field. Further enhancement of irrigation assets was undertaken at Dikom and Nokhroy T.Es.

### Aviation Products and Services

Aerotech Services continues to provide techno-logistic support to global Original Equipment Manufacturers (OEMs) for their equipment fitted on various Indian platforms. During the year under review we were approached by an existing OEM for providing logistic support on another project and the same has been contracted for a period of 5 years. For the contracts signed in recent years, our Field Service Engineers (FSEs) have been trained by the OEMs and are performing well. The Division continues to enhance its business to the satisfaction of the OEMs and customers.

In the financial year 2015-2016, the Rossell Techsys Division enhanced its overseas business and strengthened its relationship with its overseas customers. It expended resources, finances and energies to increase the spread of business across multiple platforms. The Division continues its strategy to gain foreign, export oriented business and to acquire domestic business only where it would gain access to skill building avenues that could thereafter, be utilized in gaining more foreign OEM business. The Division revenues increased by over 123% as compared to the FY 2014-2015 and order booking were substantially higher at 62%. There were also a lot of gains in intangible terms. The Division has now firmly established itself with respect to repute, capability, capacity and reliability in the wire harness and looming competency.

The Division is certified to AS:9100, ISO:9001, ISO:14001, ISO:27001 and OHSAS:18001. The Division is also CEMILAC approved. It has achieved Gold rating both on quality and delivery with its premiere US based A&D customer Boeing for the last two years and also won the 'Supplier of the Year' award in the Pathfinder Category out of more than 13,000 active suppliers worldwide.

Rossell Techsys has established itself as an Indian supplier that is truly global, with its quality, timeliness, people, processes and infrastructure credentials.

### Rossell Hospitality

During the year under review, Kebab Xpress is getting a better footprint in the market and its brand recognition is being felt. The Division's Same Stores Sales (SSS), year on year, have grown by substantially. The brand 'Kebab Xpress' is strengthening its digital presence by completely revamping the brand website and engaging the customers on social media platforms with innovative, relevant and engaging content. As on 31st March, 2016 Kebab Xpress has its 10 operating outlets in NCR as compared to 9 outlets that of the previous year.

Consistency in quality, excellent service, conducive ambience and high level of hygiene at the outlets are well appreciated by the customers. Thus, Sales during the year was ₹ 1,150.85 lakhs against ₹ 878.19 lakhs in the previous year, indicating the growth of 31.05%.

## PROSPECTS

### Rossell Tea

Most tea growing areas had favourable growing conditions for the first three months of 2016. This has resulted in Kenyan crop for the first two months itself being higher by 28.35 million kgs. Sri Lankan crop for January and February are at par with last year.

We expect price levels to settle down by early June, 2016 and prospects for quality teas will be good. 'Quality' will continue to be rewarded and the quality segmentation seen last year will continue. The estates continue to perform to their quality potential, be it CTC or orthodox. Our performance in fiscal 2015-2016 indicates that we are well armed to outperform the market and retain our standing as one of the most profitable enterprises in the Assam tea industry.

Exports will continue to be a key area despite 2015 being a highly competitive and difficult year. While strengthening our traditional markets, we are also exploring new markets with the objective of increasing value and volumes.

There are of course two concerns emerging:

- i) Tea growing being an agro horticultural activity, needs stable climate conditions i.e. temperatures and well distributed rainfall. This, as has been reported earlier, has now been vitiated by climate change and hence these concerns exist.
- ii) Increase in cost of production is also an emerging concern. Labour wages and cost of other inputs such as food grains, could put pressure on performance, unless of course higher prices are forthcoming.

These concerns, nonetheless, are seen as an opportunity and a challenge to perform better, much like this Division has done in the years gone by.



## Report of the Board of Directors

### Aviation Products and Services

Aerotech Services is currently executing five techno-logistic product support contracts. The Government of India has accorded highest priority for "Make in India" initiative, which focuses on making India a global manufacturing hub.

In the coming years, with greater participation of Indian industry, manufacturing defense equipment in India, opportunities will also arise for product maintenance support, repair and overhaul of the equipment.

Rossell Techsys Division has created a niche for itself in the wire harness competency, by virtue of its quality credentials in executing orders from foreign OEMs. The Division is projected to experience enhanced traction in its wire harness competency due to its association with companies like Boeing, the Division should see significant increase in revenue in years 2016-2017 onwards. The number of RFPs being received from foreign OEMs has increased significantly with a success rate of 75%. The Division is attempting to improve its prospects on adjacent business opportunities such as electrical panels.

The growth prospects have resulted in the Division adding additional space, the total now being approximately 75,000 square feet.

### Rossell Hospitality

The Division intends operating a total of 30 outlets in NCR in the financial year 2016-2017 with 2 outlets already made operational as of now and target to achieve at least double the turnover.

### CHANGE IN NATURE OF BUSINESS, IF ANY

There has been no change in any business and all the Divisions of the Company continue to concentrate on their own business with growth plans in short to medium terms.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

The tenure of office of Mr. C. S. Bedi, Managing Director, will expire on 30th September, 2016. Accordingly, the Board on recommendation of the Nomination and Remuneration Committee, at its meeting held on 30th May, 2016 has re-appointed Mr. C. S. Bedi as Managing Director for a further period of 3 years from 1st October, 2016 to 30th September, 2019, subject to approval by the Members of the Company by way of Special Resolution, in the ensuing 22nd Annual General Meeting in terms of Section 188, 196, 197 read with Sec I and Sec II, Part II of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and in accordance with the Policy of the Company on Related Party Transactions.

The following persons continued as Key Managerial Personnel of the Company in compliance with the provisions of Section 203 of the Companies Act, 2013 :

- a) Mr. H. M. Gupta - Chief Executive Officer (CEO)
- b) Mr. C. S. Bedi - Managing Director, and
- c) Mr. N. K. Khurana - Chief Financial Officer-cum- Company Secretary

Remuneration and other details of the Key Managerial Personnel for the Financial Year ended 31st March, 2016 are mentioned in the Extracts of the Annual Return in Form MGT-9 which is enclosed as Annexure - 3 and forms part of this Report.

### INDEPENDENT DIRECTOR'S DECLARATION

The Declarations required under Section 149(7) of the Companies Act, 2013 from the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013, was duly received by the Company.

### CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance requirements under the Companies Act, 2013 and as stipulated in Clause 49 of the Listing Agreement till 30th November, 2015 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 from 1st December, 2015 onwards.

A separate report on Corporate Governance in terms of Regulation 34(3) read with clause C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, along with certificate from the Practicing Company Secretary confirming the compliance, is annexed as Annexure-1 and forms part of this Report.



## Report of the Board of Directors

### DETAILS OF BOARD MEETINGS

The Board of Directors met 5 (five) times during the financial year 2015-2016 on various dates as given here-in-below:

Sl No.	Date of the meeting	No. of Directors attended the meeting
1.	29th May, 2015	6
2.	30th July, 2015	6
3.	2nd November, 2015	6
4.	10th February, 2016	6
5.	16th March, 2016	6

Further details on Board of Directors are provided in the Corporate Governance Report.

### COMMITTEES OF THE BOARD

#### a. Audit Committee

The Board has constituted the Audit Committee which comprises of the following Directors:

Sl. No.	Name	Category of Director	Chairman/ Members
1.	Dr. S. S. Baijal	Non-Executive-Independent	Chairman
2.	Mr. H. M. Parekh	Non-Executive-Independent	Member
3.	Mr. V. P. Agarwal	Non-Executive-Independent	Member
4.	Ms. Nayantara Palchoudhuri	Non-Executive Non-Independent	Member

During the year under review, the Board has accepted all the recommendations made by the Audit Committee.

Further details of Audit Committee related to dates of Meeting held during the year, attendance of Directors etc. are given separately in the attached Corporate Governance Report.

#### b. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board has been constituted by the following Directors:

Sl. No.	Name	Category of Director	Chairman/ Members
1.	Mr. H. M. Parekh	Non-Executive-Independent	Chairman
2.	Dr. S. S. Baijal	Non-Executive-Independent	Member
3.	Mr. V. P. Agarwal	Non-Executive-Independent	Member

Further details of Nomination and Remuneration Committee related to dates of Meeting held during the year, attendance of Directors etc. are given separately in the attached Corporate Governance Report.

#### c. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Board has been constituted by the following Directors:

Sl. No.	Name	Chairman/ Members
1.	Dr. S. S. Baijal	Chairman
2.	Mr. V. P. Agarwal	Member
3.	MR. C. S. Bedi	Member

Further details of Corporate Social Responsibility Committee related to dates of Meeting held during the year, attendance of Directors etc. are given separately in the attached Corporate Governance Report.

The Committee had framed the CSR policy and the same was approved by the Board at its Meeting held on 6th August, 2014. The CSR Policy is available on Company's website at [www.rossellindia.com](http://www.rossellindia.com). The CSR budget for the financial year 2015-2016 was prepared in accordance with the provisions of Section 135 (5) of the Companies Act, 2013 read with the Company's CSR Policy. The amount, so budgeted, was fully spent on or before 31st March, 2016. The detailed report on CSR Activities/ Initiatives is enclosed as Annexure-2 which forms part of this Report.

#### d. Stakeholders' Relationship Committee

The Stakeholders Relationship Committee of the Board has been constituted by the following Directors:

Sl. No.	Name	Chairman/ Members
1.	Mr. H. M. Parekh	Chairman
2.	Mr. V. P. Agarwal	Member
3.	MR. C. S. Bedi	Member



## Report of the Board of Directors

Further details of Stakeholders Relationship Committee related to dates of Meeting held during the year, attendance of Directors etc. are given separately in the attached Corporate Governance Report.

### e. Risk Management Committee

Your Board at its meeting dated 14th November, 2014, has constituted Risk Management Committee of the Board consisting of the following Directors:

Sl. No.	Name	Chairman/ Members
1.	Mr. H. M. Parekh	Chairman
2.	Ms. Nayantara Palchoudhuri	Member
3.	MR. C. S. Bedi	Member

Further details of Risk Management Committee related to dates of Meeting held during the year, attendance of Directors etc. are given separately in the attached Corporate Governance Report.

### ANNUAL PERFORMANCE EVALUATION

In terms of the relevant provisions of the Companies Act 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board had carried out an annual evaluation of its own performance and that of its Committees as well as individual Directors.

A structured questionnaire was prepared after taking into consideration different views received from the Directors, covering various aspects of the Board's functioning such as adequacy of the Board's composition and structure, Board's culture, execution and performance of specific duties, obligations and governance, effectiveness of Board processes etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and committee meetings like attendance in the meeting, preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Executive Chairman was also evaluated on the key aspects of his role.

The Independent Directors also carried out the Performance Evaluation in terms of Clause VII (3) (c) of Schedule IV to the Companies Act, 2013 read with Regulation 25(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 at their separate Meeting held on 9th February, 2016.

### EXTRACT OF ANNUAL RETURN

Pursuant to section 92(3) of the Companies Act, 2013 ('the Act') read with rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of annual return is given as Annexure- 3.

### VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Pursuant to Section 177(9) read with Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has duly established Vigil Mechanism for Directors and employees to report concerns about unethical behavior, actual or suspected fraud or violation of company's code of conducts or ethics policy. Audit Committee of the Board monitors and oversee the vigil mechanism.

The detailed policy related to this vigil mechanism is available in the Company's website at [www.rossellindia.com](http://www.rossellindia.com).

### DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 and confirm that:

- in the preparation of the annual accounts for financial year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- 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 for the financial year ended 31st March, 2016, and of the profit and loss of the Company for that period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;



## Report of the Board of Directors

- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

M/s. S. S. Kothari & Co., Chartered Accountants, Statutory Auditors of the Company will retire at the forthcoming Annual General Meeting. In terms of third proviso to Sec. 139 (2) of the Companies Act, 2013, they are eligible to be re-appointed and accordingly, they offer themselves for re-appointment. The Audit Committee has recommended their appointment as Statutory Auditors of the Company to hold office till the conclusion of the 23rd Annual General Meeting.

The report of the Statutory Auditors does not contain any qualification, reservation or adverse remark or disclaimer, which requires any further comments or explanations in this report. The Notes to the Financial Statements are also self-explanatory and do not call for any further comments.

### COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with Rule 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014, your Company is required to have the audit of its cost accounting records relating to plantations product manufactured by Rossell Tea Division. M/s. Shome & Banerjee, Cost Accountants, conducted this audit for the Previous Financial Year ended 31<sup>st</sup> March, 2015 and submitted their report to the Central Government on 19th November, 2015.

In terms of Section 148(3) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors of the Company had, on the recommendation of the Audit Committee, re-appointed M/s. Shome & Banerjee, Cost Accountants as the Cost Auditor of the Company for the financial year 2016-2017.

Their remuneration is required to be ratified by the Members in the ensuing Annual General Meeting.

### SECRETARIAL AUDIT

In terms of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. A.K. Labh & Co., Practicing Company Secretaries as the Secretarial Auditors of the Company for the financial year 2015-2016. The report of the Secretarial Auditors in Form MR-3 is enclosed as Annexure-4 to this report.

The report confirms that the Company had complied with the statutory provisions listed under Form MR-3 and the Company also has proper board processes and compliance mechanism. The Report does not contain any qualification, reservation or adverse remark or disclaimer, which requires any further comments or explanations in this report.

### RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large. All related party transactions are presented to the Audit Committee and the Board, if required for approval. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. Related party transactions policy as approved by the Board is uploaded on the Company's website at the web link:<http://www.rossellindia.com/financialresult/Policy%20on%20Related%20Party%20Transactions.pdf>

Necessary disclosure of Related Party Transactions in terms of clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is given in Form AOC-2 as Annexure-5 to this report.

### LOANS, GUARANTEES OR INVESTMENTS

Your Company has not provided any Guarantee for any party. During the year under review, the Board has approved to grant an inter-corporate loan, repayable on demand, to CAE Rossell India Ltd., Wholly Owned Subsidiary, upto a sum not exceeding ₹10 lakhs carrying an interest @ 10% p.a. being not lower than prevailing yield of 5 years Government Security, in terms of the provisions of Section 186 of the Companies Act, 2013.

Out of the above limit sanctioned by the Board, an amount of ₹ 5 lakhs was actually disbursed to CAE Rossell India Ltd during the year and the same remain outstanding as on 31st March, 2016. (Note No. L) Particulars of investments under section 186 of the