



McLEOD RUSSEL  
*Believe in tea*

11 November 2020

The Secretary  
BSE Limited, P.J. Towers,  
25<sup>th</sup> Floor, Dalal Street,  
MUMBAI-400001  
Scrip Code: 532654

The Secretary  
National Stock Exchange of  
India Ltd,  
Listing dept. Exchange Plaza,  
5<sup>th</sup> Fl. Plot No. C/1,  
G- Block, Bandra-Kurla  
Complex, Bandra (E)  
MUMBAI-400051  
Scrip Code: MCLEODRUSS

The Secretary  
The Calcutta Stock Exchange  
Limited  
7, Lyons Range  
KOLKATA-700001  
Scrip Code: 10023930

Dear Sir,

**Sub: Outcome of Meeting of the Board of Directors held on 11 November 2020**

Pursuant to Regulation 30 and other applicable Regulations of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), please be informed that the Board of Directors of the Company at its meeting held today, have inter-alia, considered and approved the Un-audited Financial Results (Standalone and Consolidated) of the Company for the quarter and half year ended on 30 September 2020.

Please find enclosed herewith, the aforesaid Unaudited Financial Results alongwith the Limited Review Report issued by the Statutory Auditors of the Company.

Time of Commencement of Meeting: 2.35 p.m.


Time of Conclusion of Meeting: 5.35 p.m.

This is for your information and records.

Thanking you,

Yours faithfully,

**For McLEOD RUSSEL INDIA LIMITED**

  
**(ALOK KUMAR SAMANT)**  
**COMPANY SECRETARY**

Encl: As above

Registered Office :

**McLEOD RUSSEL INDIA LIMITED**

Corporate Identity Number (CIN) : L51109WB1998PLC087076

FOUR MANGOE LANE, SURENDRA MOHAN GHOSH SARANI, KOLKATA - 700 001

TELEPHONE : 033-2210-1221, 2248-9434 / 35, FAX : 91-33-2248-8114 / 6265

E-mail : administrator@mcleodrussel.com Website : www.mcleodrussel.com



**A Williamson Magor Group Enterprise**

**Independent Auditors' Review Report****The Board of Directors****McLeod Russel India Limited**

1. We have reviewed the accompanying statement of Standalone Unaudited Financial Results of **McLeod Russel India Limited** ("the Company") for the Quarter and half year ended on September 30, 2020 ('the Statement'). The Statement has been prepared by the Company pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015, as amended ("Listing Regulations 2015"), which has been initialed by us for identification purposes.
2. This Statement which is the responsibility of the Company's Management and approved by the Board of Directors has been in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS - 34") prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of the Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Attention is drawn to the following Notes of the Statement which are subject matter of adverse conclusion as given in Para 5 below:
  - a) Note no. 5 dealing with Inter Corporate Deposits (ICD) aggregating to Rs. 2,85,515 lakhs as on September 30, 2020 (including Interest of Rs. 1,969 lakhs accrued till March 31, 2019) given to certain companies which are doubtful of recovery and considering recoverability etc. are prejudicial to the interest of the company. In absence of provision there against, the profit for the period is overstated to that extent. Impact in this respect have not been ascertained by the management and recognised in the statement.
  - b) The Company had given advance to a body corporate aggregating to Rs. 1,400 lakhs which are outstanding as on September 30, 2020. In absence of appropriate audit evidence and status thereof, we are unable to comment on the validity and recoverability of such advances.
  - c) Note No. 8(b) regarding non-recognition of Interest of Rs. 3,376 lakhs on Inter Corporate Deposits taken by the company and thereby the profit for the period is overstated to that extent. Further, as stated in Note no. 8(a), penal/compound interest and other adjustments in respect of borrowings from banks/financial institution have not been recognised and amount payable to banks and financial institutions as recognised in this respect are subject to confirmation from respective parties and consequential reconciliation. Pending final determination of amount in this respect, adjustments and impacts arising therefrom have not been ascertained and as such cannot be commented upon by us.



- d) Note no 9 regarding non reconciliation of certain debit and credit balances with individual details and confirmation etc. Adjustments/ Impact in this respect are currently not ascertainable and as such cannot be commented upon by us.
- e) As stated in Note no. 7, the predecessor auditor in respect of loans included under paragraph (a) above have reported that it includes amounts given to group companies whereby applicability of Section 185 could not be ascertained and commented upon by them. Further certain ICDs as reported were in nature of book entries and/or are prejudicial to the interest of the company. These amounts are outstanding as on this date and status thereof have remained unchanged and uncertainty and related concerns including being prejudicial to the interest of the company are valid for current period also. The matter as reported is under examination and pending before regulatory authorities. Pending final outcome of the matter under examination we are unable to ascertain the impact of non-compliances and comment on the consequential impact thereof.
5. Based on our review conducted as above, we report that because of the significance of the matters stated in Para 4 above especially those relating to non-provision of amount given as Inter-Corporate Deposits which as stated in Para 4(a) have been considered doubtful of recovery, together with the consequential impact of these matters on the unaudited financial results for the period which are expected to be material, we have come to the conclusion that the Statement read with notes thereon have not been prepared fairly in all material respect in accordance with aforesaid Indian Accounting Standards and other recognised accounting practices and policies generally accepted in India and has not disclosed fairly the information required to be disclosed in terms of the Listing Regulations, 2015, including the manner in which it is to be disclosed.
6. Attention is drawn to Note no. 6 of the Statement dealing with going concern assumption for preparation of the unaudited financial results of the Company. The Company's current liabilities exceeded its current assets. The matters forming part of and dealt with under Para 5 above may have significant impact on the net worth of the company. Funds obtained by borrowing and utilized for providing funds to other companies have become unserviceable primarily due to non-repayment of outstanding amounts by those companies. This has resulted in insufficiency of company's resources for meeting its obligations. These conditions indicate the existence of a material uncertainty about the Company's ability to continue as a going concern. However, the unaudited financial results of the Company due to the reasons stated in the said Note has been prepared by management on going concern basis, based on the management's assessment of the expected successful outcome of the steps and measures including those concerning restructuring/reduction of borrowings and interest thereon in terms of resolution plan under considerations of lenders and restructuring of outstanding loans receivables in sync with said plan as dealt with in Note no. 6 and other proposals under evaluation as on this date. In the event of the management's expectation and estimation etc., not turning out to be true, possible impact on carrying value of tangible and intangible assets even though expected to be material, as such presently cannot be commented upon by us. Our conclusion is not modified in respect of this matter.

For Lodha & Co,  
**Chartered Accountants**  
Firm's ICAI Registration No. 301051E



Place: Kolkata  
Date: November 11, 2020

*R. P. Singh*  
R. P. Singh  
Partner  
Membership No. 052438  
UDIN:20052438AAAADH3092

**MCLEOD RUSSEL INDIA LIMITED**

Registered Office: Four Mangoe Lane, Kolkata - 700001

Web : www.mcleodrussel.com, Email id : administrator@mcleodrussel.com, Phone no: 033-2210-1221, Fax no.: 033-2248-3683  
CIN: L51109WB1998PLC067076

**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020**

Rs. Lakhs except for EPS

Particulars	Standalone					
	Quarter ended			Six Months ended		Financial Year ended
	September 30, 2020 (Unaudited)	30th June 2020 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	31st March 2020 (Audited)
1 Revenue from Operations	40,809	11,158	26,880	51,967	42,009	85,640
2 Other Income	257	25	3,257	282	7,872	9,347
<b>Total Income ( 1 + 2 )</b>	<b>41,066</b>	<b>11,183</b>	<b>30,137</b>	<b>52,249</b>	<b>49,881</b>	<b>94,987</b>
<b>3 Expenses</b>						
a) Cost of Materials Consumed	4,911	830	340	5,741	904	1,443
c) Changes in Inventories of Finished Goods	(16,331)	(5,059)	(10,206)	(21,390)	(15,435)	2,547
d) Employee Benefits Expense	19,299	12,043	13,881	31,342	29,293	50,746
e) Finance Costs	5,157	5,259	5,296	10,411	13,792	21,441
f) Depreciation and Amortisation Expenses	2,483	1,492	1,471	3,975	2,889	6,247
g) Other Expenses	9,771	5,032	10,314	14,803	16,111	27,130
<b>Total Expenses</b>	<b>25,285</b>	<b>19,597</b>	<b>21,096</b>	<b>44,882</b>	<b>47,554</b>	<b>1,09,554</b>
<b>4 Profit/(Loss) before Exceptional items and Tax (1+2-3)</b>	<b>15,781</b>	<b>(8,414)</b>	<b>9,041</b>	<b>7,367</b>	<b>2,327</b>	<b>(14,567)</b>
<b>5 Exceptional items</b>	<b>-</b>	<b>-</b>	<b>3,324</b>	<b>-</b>	<b>11,769</b>	<b>11,769</b>
<b>6 Profit/(Loss) before Tax (4+5)</b>	<b>15,781</b>	<b>(8,414)</b>	<b>12,365</b>	<b>7,367</b>	<b>14,096</b>	<b>(2,798)</b>
<b>7 Tax Expense</b>						
a) Current Tax	58	-	(354)	58	-	-
b) Deferred Tax	896	(480)	3,659	414	3,340	(4,026)
<b>8 Profit/(Loss) for the period (6-7)</b>	<b>14,829</b>	<b>(7,934)</b>	<b>9,060</b>	<b>6,895</b>	<b>10,756</b>	<b>1,228</b>
<b>9 Other Comprehensive Income</b>						
A i) Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment defined benefit plans	(702)	(701)	(762)	(1,403)	(1,525)	(2,279)
b) Change in Fair Value of Equity Instruments through other comprehensive income	972	641	(700)	1,613	(2,913)	(2,910)
ii) Income Tax relating to items that will not be reclassified to profit or loss	225	224	244	449	488	729
<b>Total Other Comprehensive Income/(Loss)</b>	<b>495</b>	<b>164</b>	<b>(1,218)</b>	<b>659</b>	<b>(3,950)</b>	<b>(4,460)</b>
<b>10 Total Comprehensive Income/(Loss) for the period</b>	<b>15,324</b>	<b>(7,770)</b>	<b>7,842</b>	<b>7,554</b>	<b>6,806</b>	<b>(3,232)</b>
<b>11 Earnings per Equity Share (EPS) (Rs.) (not annualised)</b>						
Basic and Diluted	14.20	(7.60)	8.68	6.60	10.30	1.18
<b>12 Paid-up Equity Share Capital : Face Value : Rs. 5/- per share</b>	<b>5,223</b>	<b>5,223</b>	<b>5,223</b>	<b>5,223</b>	<b>5,223</b>	<b>5,223</b>
<b>13 Other Equity excluding Revaluation Reserve</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,27,938</b>



## Annexure I

## STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2020

Rs. Lakhs

Particulars	As at	
	September 30, 2020	March 31, 2020
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	96,577	1,00,346
Capital Work-in-Progress	5,854	5,277
Other Intangible Assets	1,070	1,200
<b>Financial Assets</b>		
Investments		
-Investment in Subsidiary and Associate	15,967	15,967
-Other Investments	2,695	1,081
Loans	2,84,910	2,85,975
Other Financial Assets	4,523	4,767
Other Non-current Assets	1,950	2,176
<b>Total Non-Current Assets</b>	<b>4,13,546</b>	<b>4,16,789</b>
<b>Current Assets</b>		
Inventories	26,733	5,860
Biological Assets other than Bearer Plants	933	-
<b>Financial Assets</b>		
Trade Receivables	7,806	1,537
Cash and Cash Equivalents	7,601	3,983
Other Bank Balances	576	280
Loans	543	751
Other Financial Assets	2,400	1,769
Current Tax Assets (Net)	7,009	7,007
Other Current Assets	4,737	5,047
<b>Total Current Assets</b>	<b>58,338</b>	<b>26,234</b>
<b>TOTAL</b>	<b>4,71,884</b>	<b>4,43,023</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share Capital	5,223	5,223
Other Equity	1,66,496	1,58,942
<b>Total Equity</b>	<b>1,71,719</b>	<b>1,64,165</b>
<b>Non-current Liabilities</b>		
<b>Financial Liabilities</b>		
Borrowings	2,750	5,269
Lease Liability	361	555
<b>Provisions</b>		
Employee Benefit Obligations	3,631	3,631
Deferred Tax Liabilities (Net)	12,400	12,434
Other Non-current Liabilities	474	474
<b>Total Non-current Liabilities</b>	<b>19,616</b>	<b>22,363</b>
<b>Current Liabilities</b>		
<b>Financial Liabilities</b>		
Borrowings	1,87,775	1,87,161
Trade Payables		
Total outstanding dues of Micro and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	11,025	7,250
Other Financial Liabilities	61,108	45,548
Other Current Liabilities	10,839	8,714
<b>Provisions</b>		
Employee Benefit Obligations	5,107	3,747
Other Provisions	664	1,007
Current Tax Liabilities (Net)	4,031	3,068
<b>Total Current Liabilities</b>	<b>2,80,549</b>	<b>2,56,495</b>
<b>TOTAL</b>	<b>4,71,884</b>	<b>4,43,023</b>





## STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

Particulars	Rs. Lakhs	
	Six Months ended September 30, 2020	September 30, 2019
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit before tax</b>	<b>7,367</b>	<b>14,096</b>
Adjustments to reconcile profit for the year to net cash generated from operating activities:-		
Depreciation and Amortisation Expense	3,975	2,889
Loss/(Profit) on Sale of Property, Plant and Equipment	-	244
Changes in fair value of Biological Assets	(933)	(396)
Exceptional Item	-	(11,769)
Dividend on Long Term Trade Investments	-	(6,670)
Interest Income on loans, deposits, overdue debts etc.	(144)	(216)
Finance Costs	10,411	13,792
Net Unrealised (Gain)/Loss on Foreign Currency Translation and Derivative at Fair Value through Profit and Loss	(51)	(496)
Provision/ Liabilities no longer required written back	-	(13)
<b>Operating Profit Before Working Capital Changes</b>	<b>20,625</b>	<b>11,461</b>
<b>Adjustment for:</b>		
(Increase) / Decrease in Loans, Other Financial Assets, Trade Receivables, Other current and Non-Financial Assets	(6,573)	(13,390)
(Increase) / Decrease in Inventories	(20,873)	(14,464)
Increase / (Decrease) in Trade Payables, other financial Liabilities, Other non-financial Liabilities and provisions	12,247	8,413
<b>Cash Generated/(Used) from Operations</b>	<b>5,426</b>	<b>(7,980)</b>
Income taxes refund (net of payments)	904	-
<b>Net cash flow from Operating Activities</b>	<b>6,330</b>	<b>(7,980)</b>
<b>B. Cash flows from Investing Activities:</b>		
Purchase of Property, Plant and Equipment and movement in Capital Work in Progress	(654)	(650)
Proceeds from sale of property, plant and equipment including Advances refund	(472)	21,536
(Increase) / Decrease in Bank Balances other than Cash and cash equivalents	(297)	750
Advance from Subsidiary against Buy-back of Shares	-	14,735
Dividend on Long Term Trade Investments	-	6,670
Interest Received	512	2,623
(Increase) / Decrease in Inter-Corporate Deposits	1,064	(1,10,189)
<b>Net cash flow used in Investing Activities</b>	<b>153</b>	<b>(64,525)</b>
<b>C. Cash flows from Financing Activities</b>		
Long Term Borrowings-Receipts/(Repayments)[Net]	(1,227)	(4,709)
Short Term Borrowings-Receipts/(Repayments)[Net]	614	66,230
Interest Paid	(2,044)	(14,071)
Payment of Lease Liability	(208)	-
<b>Net cash flow from/ (used in) financing activities</b>	<b>(2,865)</b>	<b>47,450</b>
Net Increase/(decrease) in Cash and Cash Equivalents	3,618	(25,055)
Opening Cash and Cash Equivalents	3,983	30,658
<b>Closing Cash and Cash Equivalents</b>	<b>7,601</b>	<b>5,603</b>
Notes:		
1. The above Cash Flow Statement has been prepared under the "indirect method" as set out in the Ind AS 7 on Statement of Cash Flows.		



**Notes to Standalone Unaudited Financial Results for the Quarter and Six Months ended September 30, 2020**

1. The above unaudited financial result includes Statement of Assets and Liabilities as at September 30, 2020 (Enclosed as "Annexure I") and Cash Flow for the period ended September 30, 2020 (Enclosed as "Annexure II") (hereinafter referred to as "Unaudited Financial Results") attached herewith and have been prepared in accordance with the Indian Accounting Standards ("Ind AS") - 34 "Interim Financial Reporting" as prescribed under section 133 of Companies Act, 2013 and compiled keeping in view the provision of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). These results have been reviewed by Audit Committee and approved by the Board of Directors at its meeting held on November 11, 2020 and have been subject to Limited Review by the Auditors.
2. (a) Cost of materials consumed represents green leaf purchased from external sources.  
  
(b) The Company is primarily engaged in the business of cultivation, manufacture and sale of tea across various geographical locations. In term of Ind AS 108 "Operating Segment", the Company has one business segment i.e. Manufacturing and Selling of Tea.  
  
(c) As the Company is engaged in business of cultivation, manufacture and sale of tea, which is seasonal in character, figures for the quarter and half year ended September 30, 2020 should not be construed as indicative of possible result for year ending March 31, 2021.
3. a) Exceptional Items for the period ended September 30, 2019 and March 31, 2020 include:
  - i) Profit on sale of assets amounting to Rs. 4,004 Lakhs against sale of specified assets of three tea estates as approved by the shareholders on August 09, 2018 for an aggregate consideration of Rs 15,045 Lakhs;
  - ii) Loss of Rs. 238 Lakhs arising on part of a building belonging to the Company being sold to a financial institution at a consideration of Rs. 4,477 Lakhs which was adjusted against their outstanding dues; and
  - iii) Profit of Rs. 8,003 Lakhs (including Rs. 3,324 lakhs recognised during September 30, 2019) arising on buy-back of shares by its subsidiary Borelli Tea Holdings Limited (UK) (BTHL) which had bought back 1,10,000 shares (out of total 3,62,000 shares held by the company) for an aggregate consideration of GBP 170,50,000.
- b) Deferred Tax Liability is net of Deferred Tax Asset on account of MAT Credit Entitlement aggregating to Rs. 5,154 lakhs based on management's assessment of reasonable certainty for reversal/ utilisation thereof against future taxable income created for the year ended March 31, 2020.
- c) Remuneration to the extent of Rs. 497 Lakhs (net of Rs. 100 lakhs recovered during the period) paid to Managing Director for the period from April 01, 2016 to March 31, 2017 and April 01, 2018 to March 31, 2020 has become in excess of the limit laid down under the Companies Act, 2013, since required shareholders' approval could not be obtained. Accordingly, the said amount being held in trust has been recognised as advances under "Loans" pending recovery/adjustment in due course of time.
4. (a) Remuneration to Sub-Staff was revised and consequential impact was recognised during the earlier quarter ended June 30, 2020. In respect of workers pending finalisation of wage agreement, wages since January 2019 has been paid and recognised as per the Interim Order issued in this respect by Government of Assam. Further, based on the recommendation of Committee appointed by said government for examining the minimum wages for Workers in the Tea Industry, provision of Rs.5,057 lakhs has been made during the quarter. Adjustments in this respect if required will be given effect to on determination of amount thereof on finalisation of the agreement.



(b) The Code on Wages 2019 and Code on Social Security, 2020 ('the Codes') relating to employee benefits including wages, bonus and other benefits etc. both during employment and post-employment have received Presidential assent on August 08, 2019 and September 28, 2020 respectively. The Company is presently evaluating the implication of above Codes and steps will be taken to implement these on necessary notification, clarification etc., on the matter and will recognise the impact thereof once the relevant codes become operational.

5. In respect of Inter-Corporate Deposits (ICDs) given to Promoter group and certain other companies, the amount outstanding aggregates to Rs. 2,83,546 Lakhs as at September 30, 2020 (net of provision of Rs. 1,098 Lakhs). Interest accrued upto March 31, 2019 and remaining unpaid as on September 30, 2020 aggregates to Rs. 1,969 Lakhs (net of provision of Rs. 6,947 Lakhs). Interest on such ICDs considering the waiver sought by borrower companies and uncertainties involved with respect to their repayment capabilities and proposed terms and conditions pending finalisation of resolution plan and determination of amount thereof, has not been accrued in the previous year and even during the period. Over and above, the company has issued corporate guarantee and letters of comfort to these companies. Steps are being taken to restructure the borrowings and related financial obligations of the company as well as of various group companies and necessary resolution plan as stated in Note no. 6 below in this respect is under consideration of lenders. The management believes that the outstanding dues, net of provision for amount considered doubtful, as mentioned above, shall be recovered/adjusted. Necessary approval of shareholders for such loans, guarantees etc. as required in terms of Section 186 of the Companies Act, 2013 have been obtained on September 25, 2020. Necessary further compliances in this respect concerning provisions of Companies Act, 2013 will also be ensured in due course of time and no further provision is required at this stage and any adjustments required consequent to finalisation of resolution plan will be given effect to on determination of the amount thereof.
6. Operational earnings and performance of the company even though has improved over the period, the Company's financial position has continued to be under stress. The Inter-Corporate Deposits (ICDs) given to various group companies to provide them funds for strategic reasons for meeting their various obligations along with interest to the extent applicable are outstanding as on this date. These have resulted in mismatch of company's resources vis-à-vis its commitments and obligations and financial constraints, causing hardship in servicing the short term and long-term debts and meeting other liabilities.

Due to firming up of tea prices and improved realisation thereagainst consequent to demand and supply mismatch in the prevailing situation, the availability of fund for meeting operational obligations statutory or otherwise have gained momentum.

One of the banker had issued a notice of default and recalled the amount granted under various facilities and had commenced the proceeding before Debt recovery Tribunal (DRT) for realisation of their debt to the company. The said banker and one other lender had filed petitions under Insolvency and Bankruptcy Code, 2016 (IBC) with Hon'ble National Company Law Tribunal, Kolkata (NCLT). These petitions are however yet to be admitted by NCLT. Further, certain lenders including those concerning another group company have obtained injunction against disposal of the Company's assets, pending settlement of their dues.

The company has taken various measures to overcome the financial constraints, which inter-alia include reduction in operational costs, monetising the Company's/group's assets including equity holding in other group companies and also proposal for restructuring/reducing the borrowings so that to make them sustainable and rationalising the costs thereof and infusing liquidity in the system over a period of time.





The Resolution process of stressed assets vide circular dated June 07, 2019 issued by the Reserve Bank of India has been initiated by the lenders. The lenders have appointed an Independent professional for carrying out Techno Economic Viability (TEV) study and valuers for carrying out the valuation of the company. Further SBI Capital Markets Limited, one of the leading investment banker and adviser has been appointed by the lender to work out and recommend resolution plan and possible course of action on the matter. The forensic audit for utilisation of funds borrowed in the past, conducted on behest of lenders is under advanced stage of completion. The professionals and experts so appointed have submitted their reports and/or recommendations including the Draft Resolution Plan which is pending before lenders for their consideration and decision.

The management is confident that with the lenders support in restructuring their debt and related and other cost reductions, etc. and other ameliorative measures taken, the company will be able to restructure/reduce its outstanding amount of loan receivable in line with the same and generate sufficient cashflow to meet its obligations and strengthen its financial position over a period of time. Considering that these measures are under implementation and/or under active consideration and lenders are proceeding constructively for arriving at the resolution plan, these unaudited financial results have been prepared on going concern basis.

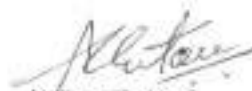
7. The predecessor auditors' had issued an adverse opinion on the audited financial results for the year ended March 31, 2019. Inter-Corporate Deposits to companies as dealt herein above in Note no. 5 include amounts reported upon by predecessor auditor including Rs. 77,575.00 lakhs which were considered by the predecessor auditor in the nature of book entries. This includes amounts given to group companies whereby applicability of Section 185 and related non-compliances, if any could not be ascertained and commented upon by them. Loan of 2,84,644 Lakhs given to various parties as given in Note no. 5 are outstanding as on September 30, 2020. The issues raised are also being examined by relevant authorities including Registrar of Companies, outcome of which are awaited as on this date. Information required by the authorities have been provided and directions, if any received on conclusion of the proceedings will be dealt with appropriately to ensure necessary compliances. These matters are procedural in nature and/or are subject to the decision by the authorities and do not have any impact as such on the profit or loss for the period.
8. (a) Pending completion of debt restructuring process and consequential adjustment in this respect as per Note No. 6 above, Interest on borrowings have been provided on simple interest basis based on the rates specified in term sheet or otherwise stipulated/advised from time to time and penal/compound interest if any has not been considered. Further, pending such restructuring, amount repaid to lenders and/or recovered by them by executing securities etc., have been adjusted against principal amount outstanding. The amount payable to the lenders in respect of outstanding amount including interest thereagainst is subject to confirmation and determination and consequential reconciliation thereof in terms of final decision to be arrived at in this respect. Adjustments, if any required in this respect will be recognised on determination thereof and will then be given effect to in the financial results.  
  
(b) Interest on Inter Corporate Deposits has not been recognised to the extent of Rs. 3,376 lakhs (including Rs. 1,194 lakhs for the period) pending finalisation of debt resolution process.
9. Certain debit and credit balances other than borrowings dealt with in Note no. 8(a) including inter-unit and other clearing balances, trade and other receivables/ Payables, advances from customers, loans and advances, other current assets and certain other liabilities including those relating to tea estates are subject to reconciliation with individual details and balances and confirmation thereof. Adjustments/ Impact in this respect are currently not ascertainable.
10. In view of management's estimates and assumptions, impact of COVID 19 pandemic including on the carrying value of current and non-current assets is not expected to be material. This evaluation is however dependent on future development and any variation due to changes in situation will be considered on crystallisation thereof.



11. (a) The observations concerning Auditors' Opinion on the financial statements for the year ended March 31, 2020 and on the unaudited financial results for the quarter ended June 30, 2020 have been dealt with under Para 4 to 9 above. During the period, the company has obtained Shareholders' approval specifying the limit with respect to loans, guarantees and investments made or given by the company under Section 186 of the Companies Act, 2013 including ratification of such loans etc. made in earlier years. Other matters relate to and are expected to be resolved on the outcome of the resolution plan under consideration for approval as per Note no. 6 above and will then suitably be addressed in the subsequent periods.

(b) Figures for the previous periods have however, been regrouped/ rearranged, wherever necessary to confirm to the current periods' presentation.

For McLeod Russel India Limited



(Aditya Khaitan)  
Managing Director  
(DIN No: 00023788)

Place: Kolkata.

Dated: November 11, 2020



**Independent Auditors' Review Report  
The Board of Directors  
McLeod Russel India Limited**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **McLeod Russel India Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter and six months ended September 30, 2020 ("the Statement"), being submitted by the Parent Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations 2015"), which has been initialed by us for identification purposes.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. We have also performed procedures in accordance with the circular issued by the Securities and Exchange Board of India under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), to the extent applicable.
5. The Statement includes the results of the following Subsidiaries (including step down subsidiaries):
  - a) Borelli Tea Holdings Limited
  - b) McLeod Russel Uganda Limited
  - c) Phu Ben Tea Company Limited
  - d) McLeod Russel Africa Limited
  - e) McLeod Russel Middle East DMCC
6. Attention is drawn to the following Notes of the Statement which are subject matter of adverse conclusion as given in Para 7 below:
  - a) Note no. 5 dealing with Inter Corporate Deposits (ICD) aggregating to Rs. 2,85,515 lakhs as on September 30, 2020 (including interest of Rs. 1,969 lakhs accrued till March 31, 2019) given to certain companies by the Parent which are doubtful of recovery and considering recoverability etc. are prejudicial to the interest of the Parent. In absence of provision there against, the profit for the period is overstated to that extent. Impact in this respect have not been ascertained by the management and recognised in the statement.



- b) The Parent had given advance to a body corporate aggregating to Rs. 1,400 lakhs which are outstanding as on September 30, 2020. In absence of appropriate audit evidence and status thereof, we are unable to comment on the validity and recoverability of such advances.
  - c) Note No. 8(b) regarding non-recognition of Interest of Rs. 3,376 lakhs on Inter Corporate Deposits taken by the Parent and thereby the profit for the period is overstated to that extent. Further, as stated in Note no. 8(a), penal/compound interest and other adjustments in respect of borrowings from banks/financial institution have not been recognised and amount payable to banks and financial institutions as recognised in this respect are subject to confirmation from respective parties and consequential reconciliation. Pending final determination of amount in this respect, adjustments and impacts arising therefrom have not been ascertained and as such cannot be commented upon by us.
  - d) Note no 9 regarding non reconciliation of certain debit and credit balances with individual details and confirmation etc. by the Parent. Adjustments/ Impact in this respect are currently not ascertainable and as such cannot be commented upon by us.
  - e) As stated in Note no. 7, the predecessor auditor in respect of loans included under paragraph (a) above have reported that it includes amounts given to group companies whereby applicability of Section 185 could not be ascertained and commented upon by them. Further certain ICDs as reported were in nature of book entries and/or are prejudicial to the interest of the Parent. These amounts are outstanding as on this date and status thereof have remained unchanged and uncertainty and related concerns including being prejudicial to the interest of the Parent are valid for current period also. The matter as reported is under examination and pending before regulatory authorities. Pending final outcome of the matter under examination we are unable to ascertain the impact of non-compliances and comment on the consequential impact thereof.
7. Based on our review conducted as above, we report that because of the significance of the matters stated in Para 6 above especially those relating to non-provision of amount given as Inter-Corporate Deposits which as stated in Para 6(a) have been considered doubtful of recovery, together with the consequential impact of these matters on the consolidated unaudited financial results for the period which are expected to be material, we have come to the conclusion that the Statement read with notes thereon have not been prepared fairly in all material respect in accordance with aforesaid Indian Accounting Standards and other recognised accounting practices and policies generally accepted in India and has not disclosed fairly the information required to be disclosed in terms of the Listing Regulations, 2015, including the manner in which it is to be disclosed.
8. Attention is drawn to Note no. 6 of the Statement dealing with going concern assumption for preparation of the unaudited consolidated financial results of the Group. The Parent's current liabilities exceeded its current assets. The matters forming part of and dealt with under Para 6 above may have significant impact on the net worth of the Parent. Funds obtained by borrowing and utilized for providing funds to other companies have become unserviceable primarily due to non-repayment of outstanding amounts by those companies. This has resulted in insufficiency of Parent's resources for meeting its obligations. These conditions indicate the existence of a material uncertainty about the Parent's ability to continue as a going concern which may have significant impact on the affairs of the Group. However, the unaudited financial results of the Parent due to the reasons stated in the said Note has been prepared by management on going concern basis, based on the management's assessment of the expected successful outcome of the steps and measures including those concerning restructuring/reduction of borrowings and interest thereon in terms of resolution plan under considerations of lenders and restructuring of outstanding loans receivables in sync with said plan as dealt with in Note no. 6 and other proposals under evaluation as on this date. In the event of the management's expectation and estimation etc., not turning out to be true, possible impact



on carrying value of tangible and intangible assets even though expected to be material, as such presently cannot be commented upon by us.

9. We did not review the unaudited consolidated financial statement of Subsidiaries (including four stepdown subsidiaries) whose consolidated unaudited financial statements reflect total assets of Rs. 48,767 lakhs as at September 30, 2020, total revenues of Rs. 91,89 lakhs and Rs. 17,665 lakhs, total net profit/(loss) after tax of Rs. 368 lakhs and (Rs. 751 lakhs) and total comprehensive income of Rs. 368 lakhs and (Rs. 751 lakhs) for the quarter and six months ended September 30, 2020 respectively, and net cash outflow of Rs. 671 lakhs as per cashflow for the six months ended September 30, 2020 as considered in the consolidated unaudited financial results. These consolidated financial statements have been reviewed by the auditor of Borelli Tea Holdings Limited (Step one subsidiary) whose report have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors.
10. Our conclusion on the Statement is not modified in respect of the matters stated in Para (8) and (9) above.

For Lodha & Co,  
**Chartered Accountants**  
Firm's ICAI Registration No. 301051E



Place: Kolkata  
Date: November 11, 2020

*R. P. Singh*  
R. P. Singh  
Partner  
Membership No. 052438  
UDIN:20052438AAAADI9856



**MCLEOD RUSSEL INDIA LIMITED**

Registered Office: Four Mangoe Lane, Kolkata - 700001

Web : www.mcleodrussel.com, Email id : administrator@mcleodrussel.com, Phone no: 033-2210-1221, Fax no.: 033-2248-3683

CIN: L51109WB1908PLC087076

**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND SIX MONTHS ENDED SEPTEMBER 30, 2020**

Rs Lakhs except for EPS

Particulars	Consolidated					
	Quarter ended			Six Months ended		Financial Year ended
	September 30, 2020 (Unaudited)	June 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	September 30, 2020 (Unaudited)	September 30, 2019 (Unaudited)	March 31, 2020 (Audited)
1 Revenue from Operations	49,897	19,330	32,885	69,227	56,175	1,14,272
2 Other Income	340	310	221	659	1,514	3,168
<b>Total Income ( 1 + 2 )</b>	<b>50,237</b>	<b>19,640</b>	<b>33,106</b>	<b>69,877</b>	<b>57,689</b>	<b>1,17,440</b>
3 Expenses						
a) Cost of Materials Consumed	6,617	1,739	2,075	8,356	3,808	6,734
b) Purchase of Test	1,508	1,551	1,488	3,059	2,648	3,792
c) Changes in Inventories of Finished Goods	(16,008)	(3,417)	(10,436)	(19,425)	(14,191)	2,080
d) Employee Benefits Expense	20,943	13,460	15,370	34,403	32,206	56,946
e) Finance Costs	5,624	5,833	5,627	11,457	14,583	22,669
f) Depreciation and Amortisation Expenses	2,997	1,788	1,858	4,785	3,489	7,795
g) Other Expenses	12,364	8,176	13,794	20,540	21,972	38,776
<b>Total Expenses</b>	<b>34,045</b>	<b>29,130</b>	<b>29,776</b>	<b>63,175</b>	<b>64,515</b>	<b>1,40,792</b>
4. Profit/(Loss) before Share of Associate, Exceptional Items and Tax (1+2-3)	16,192	(9,490)	3,330	6,702	(6,826)	(23,352)
5. Share of Profit of associate	-	-	-	-	40	40
6. Profit/(Loss) before Exceptional Items and Tax (4+5)	16,192	(9,490)	3,330	6,702	(6,786)	(23,312)
7. Exceptional Items	-	-	(4,688)	-	4,382	4,398
8 Profit/(Loss) before Tax (6+7)	16,192	(9,490)	(1,358)	6,702	(2,404)	(18,914)
9. Tax Expense						
a) Current Tax	302	42	(209)	144	228	365
c) Deferred Tax	894	(480)	3,103	414	2,784	(4,502)
10. Profit/(Loss) for the period (8-9)	15,196	(9,052)	(4,252)	6,144	(5,416)	(14,777)
11. Other Comprehensive Income						
A i) Items that will not be reclassified to profit or loss						
a) Remeasurements of post-employment defined benefit plans	(702)	(701)	(762)	(1,403)	(1,525)	(2,366)
b) Change in Fair Value of Equity Instruments through other comprehensive income	972	641	(700)	1,613	(2,913)	(2,910)
ii) Income Tax relating to items that will not be reclassified to profit or loss	225	224	244	449	488	755
B i) Items that will be reclassified to profit or loss						
a) Exchange differences on translation of foreign operations	(391)	(168)	619	(559)	619	916
<b>Total Other Comprehensive Income/(Loss)</b>	<b>104</b>	<b>(4)</b>	<b>(599)</b>	<b>100</b>	<b>(3,331)</b>	<b>(3,605)</b>
12 Total Comprehensive Income/(Loss) for the period	15,300	(9,056)	(4,851)	6,244	(8,747)	(18,382)
13 Profit/(Loss) for the period attributable to :						
Owners' of the Parent Company	15,196	(9,052)	(4,252)	6,144	(5,416)	(14,777)
Non-controlling interests	-	-	-	-	-	-
14 Other Comprehensive Income/(Loss) for the period attributable to :						
Owners' of the Parent Company	104	(4)	(599)	100	(3,331)	(3,605)
Non-controlling interests	-	-	-	-	-	-
15 Total Comprehensive Income for the period attributable to :						
Owners' of the Parent Company	15,300	(9,056)	(4,851)	6,244	(8,747)	(18,382)
Non-controlling interests	-	-	-	-	-	-
16 Earnings per Equity Share (EPS) (Rs.) (not annualised)						
Basic and Diluted	14.55	(8.67)	(4.07)	5.88	(5.18)	(14.15)
17. Paid-up Equity Share Capital : Face Value : Rs. 5/- per share	5,223	5,223	5,223	5,223	5,223	5,223
18. Other Equity excluding Revaluation Reserve	-	-	-	-	-	1,49,214



(Rs. Lakhs)						
Segment Information:						
Particulars	Consolidated					
	Quarter ended			Six Months ended		Financial Year ended
	September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Segment Revenue:</b>						
India	40,791	11,139	26,739	51,930	41,855	85,565
Vietnam	2,013	1,528	1,453	3,541	3,212	7,641
Uganda	5,530	4,627	3,339	10,157	8,183	16,068
UK	9	250	9	259	181	227
Others	1,554	1,786	1,345	3,340	2,744	4,771
<b>Total</b>	<b>49,897</b>	<b>19,330</b>	<b>32,885</b>	<b>69,227</b>	<b>56,175</b>	<b>1,14,272</b>
<b>Segment Result:</b>						
India	15,783	(8,414)	1,234	7,369	(718)	(17,547)
Vietnam	(8)	(595)	(341)	(603)	(301)	(102)
Uganda	432	(640)	(2,030)	(208)	(1,856)	(1,589)
UK	112	37	1,193	149	1,850	164
Others	(127)	122	(1,414)	(4)	(1,419)	120
<b>Profit/(Loss) before Share of Associate and Tax</b>	<b>16,192</b>	<b>(9,490)</b>	<b>(1,358)</b>	<b>6,702</b>	<b>(2,444)</b>	<b>(18,954)</b>
Share of Profit of Associate	-	-	-	-	40	40
<b>Profit/(Loss) before Tax</b>	<b>16,192</b>	<b>(9,490)</b>	<b>(1,358)</b>	<b>6,702</b>	<b>(2,404)</b>	<b>(18,914)</b>
Less Taxation :						
Current tax	102	42	(209)	144	228	365
Deferred tax	894	(480)	3,103	414	2,784	(4,502)
	<b>996</b>	<b>(438)</b>	<b>2,894</b>	<b>558</b>	<b>3,012</b>	<b>(4,137)</b>
<b>Profit/(Loss) after taxation</b>	<b>15,196</b>	<b>(9,052)</b>	<b>(4,252)</b>	<b>6,144</b>	<b>(5,416)</b>	<b>(14,777)</b>
<b>Depreciation and amortisation relating to segments:</b>						
India	2,483	1,492	1,471	3,975	2,889	6,247
Vietnam	176	27	158	203	186	538
Uganda	323	254	215	577	386	954
UK	14	14	13	28	26	52
Others	3	3	3	2	2	4
<b>Total</b>	<b>2,997</b>	<b>1,788</b>	<b>1,858</b>	<b>4,785</b>	<b>3,489</b>	<b>7,795</b>
<b>Segment Assets</b>						
India	4,72,464	4,51,821	4,63,340	4,72,464	4,63,340	4,26,728
Vietnam	12,869	13,419	13,563	12,869	13,563	14,445
Uganda	28,630	29,069	25,838	28,630	25,838	29,653
UK	4,893	4,543	4,631	4,893	4,631	20,301
Others	2,373	2,529	19,197	2,373	19,197	2,397
<b>Total</b>	<b>5,21,231</b>	<b>5,01,381</b>	<b>5,26,569</b>	<b>5,21,231</b>	<b>5,26,569</b>	<b>4,93,524</b>
<b>Segment Liabilities</b>						
India	2,99,831	2,94,228	3,05,246	2,99,831	3,05,246	2,70,208
Vietnam	4,857	5,020	5,111	4,857	5,111	5,658
Uganda	23,787	24,570	12,455	23,787	12,455	23,682
UK	443	806	8,693	443	8,693	289
Others	627	158	24	627	24	245
<b>Total</b>	<b>3,29,545</b>	<b>3,24,782</b>	<b>3,31,529</b>	<b>3,29,545</b>	<b>3,31,529</b>	<b>3,08,082</b>



## Annexure I

## CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

Rs. Lakhs

Particulars	As at	
	September 30, 2020	March 31, 2020
	(Unaudited)	(Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	1,19,909	1,21,086
Capital Work-in-Progress	6,552	9,265
Goodwill on Consolidation	19,937	19,937
Other Intangible Assets	1,377	1,534
Financial Assets		
Investments		
- Investment in Subsidiary and Associate	-	-
- Other Investments	2,695	1,081
Loans	2,84,910	2,87,711
Other Financial Assets	4,523	4,794
Other Non-current Assets	2,010	2,243
<b>Total Non-Current Assets</b>	<b>4,41,913</b>	<b>4,47,651</b>
<b>Current Assets</b>		
Inventories	38,647	19,430
Biological Assets other than Bearer Plants	1,011	79
Financial Assets		
Trade Receivables	9,830	3,452
Cash and Cash Equivalents	8,930	5,162
Other Bank Balances	576	280
Loans	2,427	751
Other Financial Assets	2,528	1,498
Current Tax Assets (Net)	8,348	8,355
Other Current Assets	7,021	6,866
<b>Total Current Assets</b>	<b>79,318</b>	<b>45,873</b>
<b>TOTAL</b>	<b>5,21,231</b>	<b>4,93,524</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share Capital	5,222	5,223
Other Equity	1,88,464	1,80,219
Equity attributable to Owner's of the Parent Company	1,91,686	1,85,442
Non-Controlling Interests	-	-
<b>Total Equity</b>	<b>1,91,686</b>	<b>1,85,442</b>
<b>Non-current Liabilities</b>		
Financial Liabilities		
Borrowings	15,023	18,577
Other Financial Liabilities	361	555
Provisions		
Employee Benefit Obligations	4,270	4,265
Deferred Tax Liabilities (Net)	12,407	13,865
Other Non-current Liabilities	1,899	474
<b>Total Non-current Liabilities</b>	<b>33,960</b>	<b>37,736</b>
<b>Current Liabilities</b>		
Financial Liabilities		
Borrowings	1,96,333	1,94,906
Trade Payables		
Total outstanding dues of Micro and Small Enterprises	-	-
Total outstanding dues of creditors other than Micro and Small Enterprises	11,673	8,932
Other Financial Liabilities	65,187	49,416
Other Current Liabilities	12,590	8,965
Provisions		
Employee Benefit Obligations	5,107	3,851
Other Provisions	664	1,007
Current Tax Liabilities (Net)	4,031	3,269
<b>Total Current Liabilities</b>	<b>2,95,585</b>	<b>2,70,346</b>
<b>TOTAL</b>	<b>5,21,231</b>	<b>4,93,524</b>



## Annexure II

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2020

Particulars	Rs. Lakhs	
	SIX MONTHS ENDED September 30, 2020	September 30, 2019
<b>A. Cash Flow from Operating Activities</b>		
Profit before tax	6,702	(2,404)
Adjustments to reconcile profit for the year to net cash generated from operating activities:-		
Depreciation and Amortisation Expense	4,785	3,489
Loss/(Profit) on Sale of Property, Plant and Equipment	-	244
Changes in fair value of Biological Assets	(933)	(400)
Exceptional Item	-	(4,382)
Interest Income on loans, deposits, overdue debts etc.	(144)	(216)
Finance Costs	11,457	14,583
Net Unrealised (Gain)/Loss on Foreign Currency Translation and Derivative at Fair Value through Profit and Loss	(51)	(496)
Exchange Difference on translation of Assets and Liabilities	(559)	-
Provision/ Liabilities no longer required written back	-	(13)
<b>Operating Profit Before Working Capital Changes</b>	<b>21,257</b>	<b>10,405</b>
<b>Adjustment for:</b>		
(Increase) / Decrease in Loans, Other Financial Assets, Trade Receivables, Other current and Non-Financial Assets	(6,502)	(14,051)
(Increase) / Decrease in Inventories	(19,217)	(13,316)
Increase / (Decrease) in Trade Payables, other financial Liabilities, Other non financial Liabilities and provisions	13,222	14,664
<b>Cash Generated/(Used) from Operations</b>	<b>8,760</b>	<b>(2,298)</b>
Income taxes refund (net of payments)	(913)	340
<b>Net cash flow from Operating Activities</b>	<b>7,847</b>	<b>(1,958)</b>
<b>B. Cash flows from Investing Activities:</b>		
Purchase of Property, Plant and Equipment and movement in Capital Work in Progress	(739)	(650)
Proceeds from sale of property, plant and equipment including Advances refund	(472)	22,884
(Increase) / Decrease in Inter-Corporate Deposits	1,064	(1,10,189)
(Increase) / Decrease in Bank Balances other than Cash and cash equivalents	(296)	750
Proceeds from disposal of Associate	-	6,534
Interest Received	512	2,623
<b>Net cash flow used in Investing Activities</b>	<b>69</b>	<b>(78,048)</b>
<b>C. Cash flows from Financing Activities</b>		
Long Term Borrowings-Receipts/(Repayments)[Net]	(2,262)	(336)
Short Term Borrowings-Receipts/(Repayments)[Net]	1,427	66,587
Payment of Lease Liability	(208)	-
Interest Paid	(3,090)	(13,454)
<b>Net cash flow from/ (used in) financing activities</b>	<b>(4,133)</b>	<b>52,797</b>
Net Increase/(decrease) in Cash and Cash Equivalents	3,783	(27,209)
Opening Cash and Cash Equivalents	5,162	34,614
Unrealised gain/(loss) on foreign currency cash and cash equivalents	(16)	64
<b>Closing Cash and Cash Equivalents</b>	<b>8,929</b>	<b>7,469</b>
Notes:		
1. The above Consolidated Cash Flow Statement has been prepared under the "indirect method" as set out in the Ind AS 7 on Statement of Cash Flows.		



**Notes to Consolidated Unaudited Financial Results for the Quarter and Six Months ended September 30, 2020**

1. (a) The above consolidated unaudited financial result of McLeod Russel India Limited ('the Parent Company') and its subsidiaries (together referred to as the 'Group') includes Consolidated Statement of Assets and Liabilities as at September 30, 2020 (Enclosed as "Annexure I") and Consolidated Cash Flow for the period ended September 30, 2020 (Enclosed as "Annexure II") (hereinafter referred to as "Consolidated unaudited financial statements") attached herewith and have been prepared in accordance with the Indian Accounting Standards ("Ind AS") - 34 "Interim Financial Reporting" as prescribed under section 133 of Companies Act, 2013 and compiled keeping in view the provision of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended). These consolidated unaudited financial statements have been reviewed by Audit Committee and approved by the Board of Directors at its meeting held on November 11, 2020 and have been subject to Limited Review by the Auditors.

(b) The consolidated unaudited financial statement for the quarter and six months ended September 30, 2020 include the figures of the Company together with its subsidiary, Borelli Tea Holding Limited (UK) (Step one subsidiary) and step-down subsidiaries i.e. Phuben Tea Company Limited (Vietnam), McLeod Russel Uganda Limited (Uganda), McLeod Russel Africa Limited (Kenya) and McLeod Russel Middle East DMCC (Dubai).

(c) In the consolidated unaudited financial statement, the face value of the Parent Company's shares held by a Trust for benefit of Borelli Tea Holding Limited, the Parent's wholly owned subsidiary were deducted from the Equity Share Capital of the Parent Company. During the year ended March 31, 2020, these shares had been sold and profit realised there against amounting to Rs. 1,549 Lakhs had been adjusted against Other Equity.
2. (a) Cost of materials consumed represents green leaf purchased from external parties.

(b) Segments have been identified in line with the Ind AS 108- Operating Segments, taking into account the different political and economic environment, risks and returns. The Group, being engaged in manufacture and selling of Tea, the operating segment have been considered on the basis of various geographical locations and accordingly India, Vietnam, Uganda, UK and others have been considered to be reportable segment.

(c) As the Group is engaged in the business of cultivation, manufacture and sale of tea, which is seasonal in character, figures for the quarter and half year ended September 30, 2020 should not be construed as indicative of possible result for year ending March 31, 2021.
3. a) Exceptional Items for the period ended September 30, 2019 and March 31, 2020 include:
  - i) Profit on sale of assets amounting to Rs. 4,004 Lakhs against sale of specified assets of three tea estates as approved by the shareholders on August 09, 2018 for an aggregate consideration of Rs 15,045 Lakhs;
  - ii) Loss of Rs. 238 Lakhs arising on part of a building belonging to the Company being sold to a financial institution at a consideration of Rs. 4,477 Lakhs which was adjusted against their outstanding dues;
  - iii) Profit of Rs. 4,441 Lakhs arising on buy-back of shares by it's subsidiary Borelli Tea Holdings Limited (UK) (BTHL) recognised in Quarter ended June 2019 being eliminated in subsequent quarter as these being in nature of inter-group transactions; and
  - iv) Profit of Rs. 632 Lakhs arising from disposal off Parent's subsidiary Borelli Tea Holding Limited balance shareholding of 45 shares for a consideration of USD 78,73,963 in Pfunda Tea Company Limited
- b) Deferred Tax Liability is net of Deferred Tax Asset on account of MAT Credit Entitlement aggregating to Rs. 5,154 lakhs based on management's assessment of reasonable certainty for reversal/ utilisation thereof against future taxable income created for the year ended March 31, 2020.





- c) Remuneration to the extent of Rs. 497 Lakhs (net of Rs. 100 lakhs recovered during the period) paid to Managing Director by the Parent for the period from April 01, 2016 to March 31, 2017 and April 01, 2018 to March 31, 2020 has become in excess of the limit laid down under the Companies Act, 2013, since required shareholders' approval could not be obtained. Accordingly, the said amount being held in trust has been recognised as advances under "Loans" pending recovery/adjustment in due course of time.
4. (a) Remuneration to Sub-Staff was revised and consequential impact was recognised during the earlier quarter ended June 30, 2020 by the Parent. In respect of workers pending finalisation of wage agreement, wages since January 2019 by the Parent, has been paid and recognised as per the Interim Order issued in this respect by Government of Assam. Further, based on the recommendation of Committee appointed by said government for examining the minimum wages for Workers in the Tea Industry, provision of Rs.5,057 lakhs has been made during the quarter. Adjustments in this respect if required will be given effect to on determination of amount thereof on finalisation of the agreement.
- (b) The Code on Wages 2019 and Code on Social Security, 2020 ('the Codes') relating to employee benefits including wages, bonus and other benefits etc. both during employment and post-employment have received Presidential assent on August 08, 2019 and September 28, 2020 respectively. The Parent is presently evaluating the implication of above Codes and steps will be taken to implement these on necessary notification, clarification etc., on the matter and will recognise the impact thereof once the relevant codes become operational.
5. In respect of Inter-Corporate Deposits (ICDs) given to Promoter group and certain other companies by the Parent, the amount outstanding aggregates to Rs. 2,83,546 Lakhs as at September 30, 2020 (net of provision of Rs. 1,098 Lakhs). Interest accrued upto March 31, 2019 and remaining unpaid as on September 30, 2020 aggregates to Rs. 1,969 Lakhs (net of provision of Rs. 6,947 Lakhs). Interest on such ICDs considering the waiver sought by borrower companies and uncertainties involved with respect to their repayment capabilities and proposed terms and conditions pending finalisation of resolution plan and determination of amount thereof, has not been accrued in the previous year and even during the period. Over and above, the Parent has issued corporate guarantee and letters of comfort to these companies. Steps are being taken to restructure the borrowings and related financial obligations of the Parent as well as of various group companies and necessary resolution plan as stated in Note no. 6 below in this respect is under consideration of lenders. The management believes that the outstanding dues, net of provision for amount considered doubtful, as mentioned above, shall be recovered/adjusted. Necessary approval of shareholders for such loans, guarantees etc. as required in terms of Section 186 of the Companies Act, 2013 have been obtained on September 25, 2020. Necessary further compliances in this respect concerning provisions of Companies Act, 2013 will also be ensured in due course of time and no further provision is required at this stage and any adjustments required consequent to finalisation of resolution plan will be given effect to on determination of the amount thereof.
6. Operational earnings and performance of the Parent even though has improved over the period, the Parent's financial position has continued to be under stress. The Inter-Corporate Deposits (ICDs) given to various group companies to provide them funds for strategic reasons for meeting their various obligations along with interest to the extent applicable are outstanding as on this date. These have resulted in mismatch of Parent's resources vis-à-vis its commitments and obligations and financial constraints, causing hardship in servicing the short term and long-term debts and meeting other liabilities.

Due to firming up of tea prices and improved realisation thereagainst consequent to demand and supply mismatch in the prevailing situation, the availability of fund for meeting operational obligations statutory or otherwise have gained momentum.

One of the banker had issued a notice of default and recalled the amount granted under various facilities and had commenced the proceeding before Debt recovery Tribunal (DRT) for realisation of their debt to the Parent. The said banker and one other lender had filed petitions under Insolvency and Bankruptcy Code, 2016 (IBC) with Hon'ble National Company Law Tribunal, Kolkata (NCLT). These petitions are however yet to be admitted by NCLT. Further, certain lenders including those concerning



another group company have obtained injunction against disposal of the Parent's assets, pending settlement of their dues.

The Parent has taken various measures to overcome the financial constraints, which inter-alia include reduction in operational costs, monetising the Parent's/group's assets including equity holding in other group companies and also proposal for restructuring/reducing the borrowings so that to make them sustainable and rationalising the costs thereof and infusing liquidity in the system over a period of time.

The Resolution process of stressed assets vide circular dated June 07, 2019 issued by the Reserve Bank of India has been initiated by the lenders. The lenders have appointed an Independent professional for carrying out Techno Economic Viability (TEV) study and valuers for carrying out the valuation of the Parent. Further SBI Capital Markets Limited, one of the leading investment banker and adviser has been appointed by the lender to work out and recommend resolution plan and possible course of action on the matter. The forensic audit for utilisation of funds borrowed in the past, conducted on behalf of lenders is under advanced stage of completion. The professionals and experts so appointed have submitted their reports and/or recommendations including the Draft Resolution Plan which is pending before lenders for their consideration and decision.

The management is confident that with the lenders support in restructuring their debt and related and other cost reductions, etc. and other ameliorative measures taken, the Parent will be able to restructure/reduce its outstanding amount of loan receivable in line with the same and generate sufficient cashflow to meet its obligations and strengthen its financial position over a period of time. Considering that these measures are under implementation and/or under active consideration and lenders are proceeding constructively for arriving at the resolution plan, these consolidated unaudited financial results have been prepared on going concern basis.

7. The predecessor auditors' had issued an adverse opinion on the audited consolidated financial results for the year ended March 31, 2019. Inter-Corporate Deposits to companies as dealt herein above in Note no. 5 include amounts reported upon by predecessor auditor including Rs. 77,575.00 lakhs which were considered by the predecessor auditor in the nature of book entries. This includes amounts given to group companies whereby applicability of Section 185 and related non-compliances, if any could not be ascertained and commented upon by them. Loan of 2,84,644 Lakhs given to various parties as given in Note no. 5 are outstanding as on September 30, 2020. The issues raised are also being examined by relevant authorities including Registrar of Companies, outcome of which are awaited as on this date. Information required by the authorities have been provided and directions, if any received on conclusion of the proceedings will be dealt with appropriately to ensure necessary compliances. These matters are procedural in nature and/or are subject to the decision by the authorities and do not have any impact as such on the profit or loss for the period.
8. (a) Pending completion of debt restructuring process and consequential adjustment in this respect as per Note No. 6 above, interest on borrowings have been provided by the Parent on simple interest basis based on the rates specified in term sheet or otherwise stipulated/advised from time to time and penal/compound interest if any has not been considered. Further, pending such restructuring, amount repaid to lenders and/or recovered by them by executing securities etc., have been adjusted against principal amount outstanding. The amount payable to the lenders in respect of outstanding amount including interest thereagainst is subject to confirmation and determination and consequential reconciliation thereof in terms of final decision to be arrived at in this respect. Adjustments, if any required in this respect will be recognised on determination thereof and will then be given effect to in the consolidated financial results.  
  
(b) Interest on Inter Corporate Deposits has not been recognised by the Parent to the extent of Rs. 3,376 lakhs (including Rs. 1,194 lakhs for the period) pending finalisation of debt resolution process.
9. Certain debit and credit balances other than borrowings dealt with in Note no. 8(a) including inter-unit and other clearing balances, trade and other receivables/ Payables, advances from customers, loans and advances, other current assets and certain other liabilities including those relating to tea estates of the Parent are subject to reconciliation with individual details and balances and confirmation thereof. Adjustments/ Impact in this respect are currently not ascertainable.



10. In view of management's estimates and assumptions, impact of COVID 19 pandemic including on the carrying value of current and non-current assets is not expected to be material. This evaluation is however dependent on future development and any variation due to changes in situation will be considered on crystallisation thereof.

11. (a) The observations concerning Auditors' Opinion on the financial statements for the year ended March 31, 2020 and on the consolidated unaudited financial results for the quarter ended June 30, 2020 have been dealt with under Para 4 to 9 above. During the period, the Parent has obtained Shareholders' approval specifying the limit with respect to loans, guarantees and investments made or given by the Parent under Section 186 of the Companies Act, 2013 including ratification of such loans etc. made in earlier years. Other matters relate to and are expected to be resolved on the outcome of the resolution plan under consideration for approval as per Note no. 6 above and will then suitably be addressed in the subsequent periods.

(b) Figures for the previous periods have however, been regrouped/ rearranged, wherever necessary to confirm to the current periods' presentation

**For McLeod Russel India Limited**



(Aditya Khaitan)  
Managing Director  
(DIN No: 00023788)

Place: Kolkata  
Dated: November 11, 2020

