

**FINANCIAL STATEMENTS PREPARED UNDER IGAAP**

**TATA TEA (GB) LIMITED**

**Consolidated Balance Sheet as at 31st March, 2010**

Rs. in Lakhs

	Schedule	2010	2009	
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' Funds</b>				
Share Capital	1	159965.74	170441.14	
Reserves and Surplus	2	<u>215132.98</u>	<u>230278.35</u>	
		375098.72		400719.49
<b>Minority Interest</b>			9250.97	124.59
<b>Loan Funds</b>				
Secured Loans	3	85504.98	109032.71	
Unsecured Loans	4	<u>195.00</u>	<u>134.98</u>	
		85699.98		109167.69
<b>TOTAL</b>		<u><u>470049.67</u></u>	<u><u>510011.77</u></u>	
<b>APPLICATIONS OF FUNDS</b>				
<b>Fixed Assets</b>				
Gross Block	5	250235.58	248053.75	
Less : Depreciation		<u>41217.66</u>	<u>40616.77</u>	
Net Block		209017.92	207436.98	
Add :Capital Work-in-progress		<u>1884.95</u>	<u>2059.39</u>	209496.37
<b>Deferred Tax Asset (Net)</b>	13		690.82	726.04
<b>Current Assets, Loans &amp; Advances</b>				
Inventories	6	35433.63	25900.96	
Sundry Debtors	7	36549.12	28323.15	
Cash & Bank Balances	8	182781.62	97870.74	
Other Current Assets	9	751.26	1265.81	
Loans and Advances	10	<u>78349.32</u>	<u>220561.02</u>	
		333864.95	373921.68	
Less : Current Liabilities & Provisions				
Liabilities	11	72659.23	58268.53	
Provisions	12	<u>2749.74</u>	<u>15863.79</u>	
		75408.97	74132.32	
<b>Net Current Assets</b>			258455.98	299789.36
<b>TOTAL</b>		<u><u>470049.67</u></u>	<u><u>510011.77</u></u>	

**Notes on Accounts**

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

**FINANCIAL STATEMENTS PREPARED UNDER IGAAP**

**TATA TEA (GB) LIMITED**

**Consolidated Profit and Loss Account for the year ended 31st March 2010**

Rs. in Lakhs

		<u>2010</u>	<u>2009</u>
	Schedule		
<b>INCOME</b>			
Sales and Services - Net	14	286665.16	240626.11
Other Income	15	-	55.26
		<u>286665.16</u>	<u>240681.37</u>
<b>EXPENDITURE</b>			
Purchases	16	32194.88	23751.63
Raw Materials Consumed	17	71689.57	46333.43
Expenses	18	158956.82	136324.30
Depreciation and Amortisation		4991.28	5029.12
(Accretion)/ Decretion to Stock	19	<u>(3,201.55)</u>	<u>1045.15</u>
		<u>264631.00</u>	<u>212483.63</u>
Interest Income		22034.16	28197.74
(net of interest expense Rs 5002.02 Lakhs (Rs 8421.69 Lakhs))		7391.20	5808.20
Exceptional Income / (Expenditure)	21	<u>(15614.93)</u>	<u>75313.18</u>
<b>Profit before Taxation</b>		<u>13810.43</u>	<u>109319.12</u>
Provision for Taxation	20	5679.82	31742.04
<b>Profit after Taxation before Minority Interest</b>		8130.61	77577.08
Minority Interests		<u>(1541.29)</u>	<u>0.00</u>
<b>Net Profit</b>		6589.32	77577.08
Balance Bought forward		<u>270031.72</u>	<u>205867.93</u>
		<u>276621.04</u>	<u>283445.01</u>
<b>APPROPRIATIONS</b>			
<b>Dividend :</b>			
- Final		5968.09	13413.29
		5968.09	13413.29
<b>Balance Carried Forward</b>		<u>270652.95</u>	<u>270031.72</u>
<b>Basic and Diluted Earnings per share (Rs)</b>		2.80	33.00
<b>Notes on Accounts</b>	22		

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

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA (GB) LIMITED

Schedules forming part of the Balance Sheet

				Rs in Lakhs	
				2010	2009
<b>Schedule 1</b>					
<b>SHARE CAPITAL</b>					
<b>Issued, Subscribed and Paid-up</b>					
2350.84 Lacs ordinary shares of £ 1 each					
				<b>159965.74</b>	170441.14
				<b>159965.74</b>	170441.14
<b>Schedule 2</b>					
<b>RESERVES AND SURPLUS</b>					
	<b>2009</b>	<b>Additions</b>	<b>Deductions</b>		
Exchange Fluctuation Reserve	(26433.15)	(16878.84)	-	<b>(43311.99)</b>	(26433.15)
Hedging Reserve	(780.16)	1112.24	-	<b>332.08</b>	(780.16)
General Reserve	(12540.06)	-	-	<b>(12540.06)</b>	(12540.06)
	(39753.37)	(15766.60)	-	<b>(55519.97)</b>	(39753.37)
Profit & Loss Account				<b>270652.95</b>	270031.72
				<b>215132.98</b>	230278.35

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA (GB) LIMITED

Schedules forming part of the Balance Sheet

	Rs in Lakhs	
	2010	2009
<b>Schedule 3</b>		
<b>SECURED LOANS</b>		
<b>Working Capital Facilities *</b>	4614.19	1547.38
* Secured against stocks and book debts		
<b>Senior Debt*</b>	80890.79	107485.33
* Debts are secured over assets of the company and it's subsidiaries		
	<u>85504.98</u>	<u>109032.71</u>
<b>Schedule 4</b>		
<b>UNSECURED LOANS</b>		
<b>Other than Short Term</b>		
<b>From Others</b>	195.00	134.98
	<u>195.00</u>	<u>134.98</u>

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA (GB) LIMITED

Schedules forming part of the Balance Sheet

Rs in Lakhs

**Schedule 5**

**FIXED ASSETS**

	C o s t			D e p r e c i a t i o n			Net Book Value as at 31.3.2010	Net Book Value as at 31.3.2009
	As at 1.4.2009	Additions/ Adjustments	Deductions/ Adjustments	As at 31.3.2010	For the Year	To date		
<b>TANGIBLE</b>								
Land (including Development)	281.54	3.75	22.04	263.25	0.30	0.00	263.25	281.54
Buildings	3830.92	14.28	217.97	3627.23	143.21	1156.67	2470.56	2733.95
Plant & Machinery	42061.01	6404.01	4303.84	44161.18	3986.30	34751.67	9409.51	7674.36
Furniture, Fixtures & Office Equipment	6752.31	604.28	692.54	6664.05	766.83	5004.74	1659.31	1896.07
Motor Vehicles	366.82	435.38	64.62	737.58	94.64	304.58	433.00	89.91
<b>INTANGIBLE</b>								
Goodwill	190942.75	11990.63 (*)	11969.49	190963.89	0.00	0.00	190963.89	190942.75
Intangibles	3818.40		0.00	3818.40	0.00	0.00	3818.40	3818.40
Total	248053.75	19452.33	17270.50	250235.58	4991.28	41217.66	209017.92	207436.98
Previous Year	268598.52	2329.10	(22873.87)	248053.75	5029.12	40616.77	207436.98	
Capital Work-in-Progress (includes capital advances)							1884.95	
Previous Year							2059.39	

**Notes:**

- (\*) Goodwill addition is on account of purchase of stake in Russian business, acquisition of distribution assets in Poland **Rs.11990.63 Lakhs** (Rs. Nil).
- Exchange differences arising due to restatement of fixed assets, as at year end, have been transferred to Exchange Fluctuation Reserves.
- Depreciation to date includes adjustment towards foreign exchange on restatement at the year end.

**FINANCIAL STATEMENTS PREPARED UNDER IGAAP**

**TATA TEA (GB) LIMITED**

**Schedules forming part of the Balance Sheet**

**Rs in Lakhs**

	<u>2010</u>	<u>2009</u>
<b>Schedule 6</b>		
<b>INVENTORIES</b>		
Stores, Spare Parts & Packing Materials	2352.35	1748.92
Raw Materials	22192.26	16464.57
Finished Goods	10725.09	7509.27
Work-in-progress	163.93	178.20
	<u>35433.63</u>	<u>25900.96</u>
<b>Schedule 7</b>		
<b>SUNDRY DEBTORS</b> (Unsecured unless otherwise stated)		
Debts outstanding for a period exceeding six months	34.48	13.47
Other Debts	36606.52	28384.46
	<u>36641.00</u>	<u>28397.93</u>
Less : Provision for Doubtful Debts	91.88	74.78
	<u>36549.12</u>	<u>28323.15</u>
	<u>36549.12</u>	<u>28323.15</u>
Note :		
Debts considered good	36549.12	28323.15
Debts considered doubtful	91.88	74.78
	<u>36641.00</u>	<u>28397.93</u>
<b>Schedule 8</b>		
<b>CASH &amp; BANK BALANCES</b>		
With Banks on:		
Current Account	8353.66	4884.68
Deposit Accounts	174427.96	92986.06
	<u>182781.62</u>	<u>97870.74</u>
	<u>182781.62</u>	<u>97870.74</u>
<b>Schedule 9</b>		
<b>OTHER CURRENT ASSETS</b>		
Interest accrued	751.26	1265.81
	<u>751.26</u>	<u>1265.81</u>

**TATA TEA (GB) LIMITED**

**Schedules forming part of the Balance Sheet**

Rs in Lakhs

	2010	2009
<b>Schedule 10</b>		
<b>LOANS &amp; ADVANCES</b>		
(Unsecured and considered good unless otherwise stated)		
Loans / Intercorporate Loans	66711.83	208308.45
( including secured loans amounting to Rs. 26420.70 Lakhs (Rs. 28393.69 Lakhs))		
Advances recoverable in cash or in kind or for value to be received		
Considered good	8915.53	6832.81
Considered doubtful	-	-
	8915.53	6832.81
Less : Provision for doubtful advances	-	-
	8915.53	6832.81
Balance in Escrow Account	2721.96	5419.76
	78349.32	220561.02
<b>Schedule 11</b>		
<b>LIABILITIES</b>		
Sundry Creditors	63415.71	47740.75
Interest accrued but not due	205.42	1305.43
Pension Liabilities*	8457.13	8593.32
Other Liabilities	580.97	629.03
	72659.23	58268.53
Notes:		
(*) Represents estimated pension liability payable over nine years.		
<b>Schedule 12</b>		
<b>PROVISIONS</b>		
Taxation less advance payments	2749.74	15863.79
	2749.74	15863.79
<b>Schedule 13</b>		
<b>DEFERRED TAXATION</b>		
Deferred Tax Liability	(1749.18)	(1887.71)
Deferred Tax Asset	2440.00	2613.75
	690.82	726.04

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA (GB) LIMITED

Schedules forming part of the Profit and Loss Account

Rs in Lakhs

	2010	2009
<b>Schedule 14</b>		
<b>SALES &amp; SERVICES</b>		
Tea	268765.92	240626.11
Coffee	16011.73	-
Others	1887.51	-
	<u>286665.16</u>	<u>240626.11</u>
	<u>286665.16</u>	<u>240626.11</u>
<b>Schedule 15</b>		
<b>OTHER OPERATING INCOME</b>		
Profit on sale of Fixed Assets (net)	-	55.26
	<u>-</u>	<u>55.26</u>
<b>Schedule 16</b>		
<b>PURCHASES</b>		
Tea	32194.88	23751.63
	<u>32194.88</u>	<u>23751.63</u>
<b>Schedule 17</b>		
<b>RAW MATERIALS CONSUMED</b>		
Opening Stock	16464.57	11380.97
Add: Purchases	<u>77417.26</u>	<u>51417.03</u>
	<u>93881.83</u>	62798.00
Less: Closing Stock	<u>22192.26</u>	<u>16464.57</u>
	<u>71689.57</u>	<u>46333.43</u>



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**TATA TEA (GB) LIMITED**

**Schedules forming part of the Profit and Loss Account**

Rs in Lakhs

	<u>2010</u>	<u>2009</u>
<b>Schedule 18</b>		
<b>EXPENSES</b>		
Salaries, Wages and Bonus	32270.51	28142.66
Contribution to Provident Fund and other Funds	1160.20	955.51
Cultivation, Plucking and Manufacturing and Contract Packing Expenses	2792.56	2562.45
Consumption of Packing Materials	22599.40	19996.16
Consumption of Stores and Spare Parts	68.69	55.62
Power and Fuel	937.89	862.98
Repairs to Plant and Machinery	1491.83	1433.59
Repairs to Buildings	72.56	132.31
General Repairs	974.78	612.32
Rent	2456.41	2060.78
Rates & Taxes	486.10	504.12
Advertisement and Sale Charges	62127.18	55610.64
Commission on Sales	7210.08	6766.88
Freight	8385.44	7827.91
Insurance	871.31	1007.74
Miscellaneous Expenses*	15030.59	7824.70
Provision for Doubtful Debts and Advances	21.29	(32.07)
	<u>158956.82</u>	<u>136324.30</u>

\* Includes Exchange Gain **Rs. 1402.68 Lakhs** ( Rs.Nil)

**Schedule 19**

**(ACCRETION)/DECRETION TO STOCK / WORK IN PROGRESS**

**Stock as at 1st April**

Tea	7509.27	8464.49
Work-in-Progress	<u>178.20</u>	<u>268.13</u>
	7687.47	8732.62

**Stock as at 31st March**

Tea	10725.09	7509.27
Work-in-Progress	163.93	178.20
	<u>10889.02</u>	<u>7687.47</u>
	<u>(3201.55)</u>	<u>1045.15</u>

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Schedules forming part of the Profit and Loss Account

Rs in Lakhs

	2010	2009
<b>Schedule 20</b>		
<b>PROVISION FOR TAXATION</b>		
Income Tax	6313.23	32770.57
Deferred Tax	(633.41)	(1028.53)
	<u>5679.82</u>	<u>31742.04</u>
<b>Schedule 21</b>		
<b>EXCEPTIONAL INCOME / (EXPENDITURE)</b>		
<b>Income</b>		
Exchange Gain	-	81888.35
		81888.35
<b>Expenditure</b>		
Re-organisation costs	(1395.08)	(1087.97)
Exchange Loss	(10217.65)	
Actuarial (Loss)/ Gain on defined benefit schemes	(4002.20)	(5487.20)
	<u>(15614.93)</u>	<u>(6575.17)</u>
	<u>(15614.93)</u>	<u>75313.18</u>

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

Tata Tea (GB) Limited

Consolidated Notes on Accounts

Schedule 22

1. Significant Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements comprises of the financial statements of Tata Tea GB Limited (the Holding Company), its Subsidiaries and Joint ventures. The consolidated financial statements are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements", and Accounting Standard 27 on "Financial Reporting of Interests in Joint Ventures".

The consolidated financial statements are prepared on the following basis:

Investment in Subsidiaries

- The financial statements of the Holding Company and its subsidiary companies have been combined on a line by line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances, intra-group transactions and unrealized profits or losses thereon have been fully eliminated.
- The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the Holding Company.
- The excess value of the consideration given over the net value of the identifiable assets acquired in the subsidiary companies is recognized as goodwill / capital reserve. Goodwill disclosed under fixed assets is not amortized but is, however, tested for impairment.
- Joint ventures of subsidiaries have been accounted for by the subsidiaries in their consolidated financial statements using the proportionate consolidation method whereby a venturer's share of each of the assets, liabilities, income and expenses of the jointly controlled entity is accounted for on a pro-rata basis.

(b) (I) The subsidiaries, and joint ventures considered in the consolidated financial statements are:

Name of Subsidiaries	Country of Incorporation	Voting power held as at 31.03.2010	Effective voting power held as at 31.03.2010 by the holding company
<b>Subsidiaries consolidated</b>			
Tetley Group Holdings Ltd	U K	100.00%	100.00%
The Tetley Group Ltd	U K	100.00%	100.00%
Tetley GB Ltd	U K	100.00%	100.00%
Tetley Overseas Holdings Ltd.	U K	100.00%	100.00%
Tetley Overseas Ltd	U K	100.00%	100.00%
Lyons Tetley Ltd	U K	100.00%	100.00%
Tetley US Holdings Inc.	USA	100.00%	100.00%

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<b>Name of Subsidiaries</b>	<b>Country of Incorporation</b>	<b>Voting power held as at 31.03.2010</b>	<b>Effective voting power held as at 31.03.2010 by the holding company</b>
Tetley USA Inc	USA	100.00%	100.00%
Tetley Canada Inc.	Canada	100.00%	100.00%
Tetley Australia Pty Ltd	Australia	100.00%	100.00%
Stansand Ltd	U K	100.00%	100.00%
Stansand (Brokers) Ltd	U K	100.00%	100.00%
Stansand (Africa) Ltd	Kenya	100.00%	100.00%
Stansand (Central Africa) Ltd	Malawi	100.00%	100.00%
Tetley Polska sp.zo.o	Poland	100.00%	100.00%
Drassington Ltd	U K	95.00%	95.00%
Good Earth Corporation	USA	100.00%	100.00%
Good Earth Teas Inc (formerly known as F Mali Herb Inc)	USA	100.00%	100.00%
Teapigs Ltd	U K	100.00%	100.00%
Jemca a.s.	Czech Republic	100.00%	100.00%
Tata Tea (GB) Investments Ltd	U K	100.00%	100.00%
Campestres Holdings Ltd	Cyprus	100.00%	100.00%
Kahutara Holdings Ltd	Cyprus	65.00%	65.00%
Suntyco Holding Ltd	Cyprus	51.00%	51.00%
Onomento Co Ltd	Cyprus	100.00%	100.00%
OOO Tea Trade LLC	Russia	100.00%	100.00%
OOO Sunty LLC	Russia	100.00%	100.00%
<b>Joint ventures of Tata Tea (GB) Ltd consolidated</b>			
Tetley ACI (Bangladesh) Ltd	Bangladesh	50.00%	50.00%
Empirical Group LLC	USA	56.00%	56.00%
Southern Tea LLC	USA	50.00%	50.00%
Tetley Clover (Pvt) Ltd	Pakistan	50.00%	50.00%
Joekels Tea Packers (Proprietary) Ltd	South Africa	33.33%	33.33%

- (ii) With effect from 1<sup>st</sup> September 2009, the Parent through its subsidiary acquired 51% stake in the consolidated group of Suntyco Holding Limited (Russian Beverage Company) comprising of Onomento Co Limited, Sunty LLC and Tea Trade LLC, operating out of Russia (known as "Grand"), Accordingly, the results for the Russian Beverage Company has been consolidated for 7 months as a subsidiary in the results.
- (iii) Campestres Ltd (The shareholder) and Tata Tea (GB) Investments Ltd (the sponsorer) (both subsidiaries of the Company) has entered into a put/call

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**Consolidated Notes on Accounts**

**Schedule 22**

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agreement with European Bank of Reconstruction and Development (EBRD) for purchase of its 35% (3500 shares) stake in Kahutara Holdings Limited which invested in the Suntyco Holding Ltd. In terms of the agreement EBRD will have the right to exercise a put option on the 'shareholder', failing him, the 'sponsorer', who will be obliged to purchase all the shares held by EBRD at fair market value after 8 years from the subscription date. Conversely, the 'shareholder' also has the right to exercise a call option on all the shares held by EBRD at the end of the stipulated 8 years at fair market value. The stipulated time period of 8 years may be bought forward if certain events as per the agreement are triggered.

- (iv) Kahutara Holdings Limited a 65% subsidiary of the Company, which holds 51% in Suntyco Holding Limited ( the holding Company for Russian beverage business) has an irrevocable call option and Celeste Assets (Seller) has an irrevocable put option to buy/sell the balance 49% shares of the Seller in Suntyco Holding Limited , which can be excercised in full in March 2012 or March 2013 or March 2014. The put and call option price is based on an agreed formula linked to the past cash profits.

**(c) Accounting Convention**

The financial statements have been prepared in accordance with the historical cost convention.

**(d) Fixed Assets and Depreciation**

Fixed Assets are carried at cost of acquisition less depreciation. Impairment loss, if any, ascertained as per the Accounting Standard-28 (Impairment of Assets) issued by the Institute of Chartered Accountants of India is recognized.

Assets acquired on hire purchase, for which ownership will vest at a future date, are capitalized at cash cost. Depreciation on fixed assets, including assets created on lands under lease is provided under straight-line method over the remaining useful life of the asset. Leasehold Buildings are depreciated over the remaining term of the lease

Intangible assets are amortized over their estimated useful life on a straight line basis except in case of brands acquired by the Company which have not been amortized as the directors of the Company have concluded that the brands have an indefinite useful life, on account of the strength of the brands acquired and their market positions and is annually tested for impairment.

**(e) Leases**

Rentals in respect of operating leases are charged off to profit and loss account.

**(f) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized. The other costs are charged to the profit & loss account. Borrowing costs include amortization of issue / ancillary costs relating to borrowings and are being amortized at a constant rate on the carrying amount over the expected term of the borrowing. The costs incurred for obtaining finance are deferred and amortized using the effective interest method over the life of the related financing agreements and charged to interest expenses.

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**Consolidated Notes on Accounts**

**Schedule 22**

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**(g) Inventories**

Inventories are stated at cost or net realizable value whichever is lower. Cost is determined on weighted-average/FIFO method for all categories of inventories. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its present location and includes, where applicable, appropriate overheads based on the normal level of activity. Provision is made for obsolete, slow-moving and defective stocks, where necessary.

**(h) Foreign Currency Transactions**

Transactions in foreign currency are recorded at average weekly/ fortnightly spot rates or the exchange rate applicable on the transaction date. Exchange difference resulting from settled transactions are adjusted in the Profit & Loss Account. Year end balances of monetary items are restated at the year end exchange rates and the resultant net gain or loss is adjusted in the profit & loss account.

The income and expenditure of overseas subsidiaries are translated at the average of month end exchange rates. Year-end balances of all assets and liabilities are restated at the year-end exchange rates. Exchange differences arising on retranslation at year-end exchange rates, of the net investment in foreign undertakings, are taken to reserves.

**(i) Sales & Services**

Sales are recognized on delivery of the products and services.

**(j) Other Income**

Interest income is accounted for on accrual basis.

**(k) Employee Benefits**

**i) Post retirement employee benefits:**

Contribution to post retirement benefits like Pension schemes are accounted for on accrual basis by the Group and are recognized in the profit & loss account.

Liabilities for Defined Benefit plans are determined through independent year end actuarial valuation and charge is recognized in the books.

The Group recognizes in the profit & loss account, gains or losses on curtailment or settlement of a defined benefit plan as and when the curtailment or settlement occurs.

**ii) Other Employee Benefits:**

Other employee benefits are accounted for on accrual basis. Short term Employee Benefits are recognized on an undiscounted basis whereas Long Term Employee Benefits are recognized on a discounted basis.

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(iii) Liabilities for retirement benefits are determined as per the regulations and principles followed in the respective countries. . The structural differences in the overseas pension schemes and the relative size of the overseas operations results in significant volatility in amounts recognized in the Profit and Loss Account.

(l) **Research and Development**

Research & Development expenditure of revenue nature is charged to revenue and capital expenditure is treated as fixed assets.

(m) **Deferred Taxation**

Provision for deferred taxation is made using the liability method, on all timing differences to the extent that it is probable that a liability or asset will crystallize. As at the balance sheet date, unless there is evidence to the contrary of management's expectation of future profits for set off, deferred tax assets pertaining to business loss are only recognized to the extent that there are deferred tax liabilities offsetting them.

(n) **Financial Instruments**

Foreign exchange forward contracts are revalued at the balance sheet date and the exchange differences between the spot rate at the date of the contract and the spot rate on the balance sheet date is recognized as gain/loss in the profit and loss account.

Foreign currency forward contracts and options are also used to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group designates these hedging instruments as cash flow hedges.

Hedging instruments are initially measured at fair value and re-measured at subsequent reporting dates. Gain or loss of the fair value of hedging instrument in respect of effective portion of the cash flow hedges are recognized in the hedging reserve account. The portion of the gain or loss on the hedging instruments if determined to be an ineffective cash flow hedge is recognized in the profit and loss account. Fair value hedges are marked to market on the balance sheet date and gain or loss recognized in the profit and loss account.

2. Contingent Liability has not been provided for operating leases, outstanding letters of credit and financing arrangements of joint ventures. All of these arrangements have been undertaken in the normal course of trade. Because the value of many of these liabilities is dependent on future market price movements, the directors believe that it is not practically possible to provide an estimate of the Group's potential liability under such arrangements. Moreover, there are certain litigations, relating principally to the USA. The directors of the Parent believe that adequate provision has been made in the accounts for any potential costs and expect no material effect on the net asset position of the Group.

**FINANCIAL STATEMENTS PREPARED UNDER IGAAP**

**Tata Tea (GB) Limited**

**Consolidated Notes on Accounts**

**Schedule 22**

3. Disclosure in respect of operating leases:

	Rs in Lakhs	
	2010	2009
Total minimum lease payments under Non-cancellable operating lease	<b>11663.08</b>	14790.98
Within One Year	<b>2308.64</b>	2719.71
Later than one year and not later than five years	<b>5939.77</b>	6865.76
Later than five years	<b>3414.67</b>	5205.51
Lease payments recognized in the statement of Profit / Loss	<b>1905.07</b>	2438.97

The Leases taken relate to leased office / factory building and the leases expire between 2010 and 2023.

4. Basic and Diluted Earnings per Share (EPS) has been computed with reference to net profits attributable to equity shareholders of Rs 6589.32 Lakhs (Rs 77577.08 Lakhs) and the weighted average equity shares outstanding (Nominal value – £1 per share) at the end of the year of 2350.84 Lakh shares (2350.84 Lakh shares).
5. During the previous year the group had recorded an exchange gain of Rs 81879.67 lakhs on foreign currency assets/ options. The exchange loss of Rs 10217.65 Lakhs, during the year, represent part reversal of previous year's gains.
6. The major components of the Deferred Tax Assets / Liabilities, based on the tax effect of the timing differences, as at March 31, 2010 are as under:

	Rs in Lakhs	
	2010	2009
<b>Deferred Tax Liabilities</b>		
Depreciation	<b>1057.80</b>	1234.27
Others	<b>691.38</b>	653.44
	<b>1749.18</b>	1887.71
<b>Deferred Tax Assets</b>		
Provision for Doubtful Debts / Advances	-	
Other Assets	<b>2440.00</b>	2613.75
Carry forward agricultural income tax loss	-	
Accrued promotions & repairs	-	
	<b>2440.00</b>	2613.75

7. The proportionate share of the assets, liabilities, income and expenditure of the joint venture company (refer note 1(b) above) included in these consolidated financial statements are given below:



**FINANCIAL STATEMENTS PREPARED UNDER IGAAP**

**TATA TEA (GB) LIMITED**  
**Consolidated Notes to Accounts**

**Schedule 22 (continued)**

**Balance Sheet as at March 31,**

**Rs. In Lakhs**

	<b>2010</b>	<b>2009</b>
<b>SOURCES OF FUNDS</b>		
Shareholders' Funds- Reserves & Surplus	3,034.49	2,221.66
Loan Funds		
Secured Loans	1,009.99	1,650.20
Unsecured Loans	89.83	101.98
Deferred Tax Liability	4.49	3.90
<b>Total</b>	<b>4,138.80</b>	<b>3,977.74</b>
<b>APPLICATION OF FUNDS</b>		
Fixed Assets		
Gross Block	1,162.72	1,241.97
Depreciation till date	(712.93)	(623.97)
Net Block	449.79	618.00
Capital Work In Progress	244.62	117.39
	694.41	735.39
Current Assets, Loans and Advances		
Inventories	3,141.00	3,452.73
Sundry Debtors	1,854.92	1,718.97
Cash and Bank balances	(176.11)	233.17
Other Current Assets	251.53	305.33
	5,071.34	5,710.20
Current Liabilities and Provisions		
Liabilities	2,101.42	3,252.83
Provisions	(474.85)	(784.58)
	1,626.57	2,468.25
Net Current assets	3444.77	3241.95
Miscellaneous Expenditure to the extent not written off or adjusted	(0.38)	0.40
<b>Total</b>	<b>4,138.80</b>	<b>3,977.74</b>

**Profit & Loss Account for the year ended March 31,**

	<b>2010</b>	<b>2009</b>
<b>INCOME</b>		
Sales & Services	<b>33,341.84</b>	28,027.24
<b>EXPENSES</b>		
Purchases	8,948.61	7,205.20
Raw Materials Consumed	9,719.71	8,393.96
Expenses	11,505.18	9,980.74
Depreciation	170.72	160.97
(Accretion) / Decretion to Stock	-	(254.46)
<b>Total Expenses</b>	<b>30,344.22</b>	<b>25,486.41</b>
<b>Profit before Tax and Exceptional Items</b>	<b>2,997.62</b>	<b>2,540.83</b>
Exceptional Items	15.65	(18.79)
<b>Profit before Tax</b>	<b>3,013.27</b>	<b>2,522.04</b>
Provision for Taxation	69.08	26.14
<b>Profit after Tax</b>	<b>2,944.19</b>	<b>2,495.90</b>

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

Schedule 22

8 CONSOLIDATED SEGMENT REPORTING

By Business Segments:	2010					2009				
	Tea	Coffee and Other Produce	Others	Un allocated	Total	Tea	Coffee and Other Produce	Others	Un allocated	Total
Sales Revenue from external customers	268,765.92	16,011.73	1,887.51		286,665.16	240,626.11				240,626.11
Other Segment revenue					-	55.26				55.26
Total Segment Revenue	268,765.92	16,011.73	1,887.51	-	286,665.16	240,681.37	-	-	-	240,681.37
Add : Investment Income					-					-
<b>Total Revenue</b>	<b>268,765.92</b>	<b>16,011.73</b>	<b>1,887.51</b>	<b>-</b>	<b>286,665.16</b>	<b>240,681.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>240,681.37</b>
Segment result	34171.44	3,252.98	237.21		37,661.63	28,197.74				28,197.74
Add : Investment Income					-					-
Add: Unallocable (expenditure) net of income				(15,627.47)	(15,627.47)					-
Add: Interest Income (net)				7,391.20	7,391.20				5,808.20	5,808.20
	<b>34,171.44</b>	<b>3,252.98</b>	<b>237.21</b>	<b>(8,236.27)</b>	<b>29,425.36</b>	<b>28,197.74</b>	<b>-</b>	<b>-</b>	<b>5,808.20</b>	<b>34,005.94</b>
Exceptional Income / (Expenditure)				(15,614.93)	(15,614.93)				75,313.18	75,313.18
<b>Profit before Tax</b>	<b>34,171.44</b>	<b>3,252.98</b>	<b>237.21</b>	<b>(23,851.20)</b>	<b>13,810.43</b>	<b>28,197.74</b>	<b>-</b>	<b>-</b>	<b>81,121.38</b>	<b>109,319.12</b>
Provision for Taxation				5,679.82	5,679.82				31,742.04	31,742.04
<b>Profit after Taxation before Minority Interest</b>	<b>34,171.44</b>	<b>3,252.98</b>	<b>237.21</b>	<b>(29,531.02)</b>	<b>8,130.61</b>	<b>28,197.74</b>	<b>-</b>	<b>-</b>	<b>49,379.34</b>	<b>77,577.08</b>
Segment Assets	279,936.24	23,380.13			303,316.37	288,674.07				288,674.07
Investments					-					-
Unallocated Assets				242,142.27	242,142.27				295,470.02	295,470.02
<b>Total Assets</b>	<b>279,936.24</b>	<b>23,380.13</b>	<b>-</b>	<b>242,142.27</b>	<b>545,458.64</b>	<b>288,674.07</b>	<b>-</b>	<b>-</b>	<b>295,470.02</b>	<b>584,144.09</b>
Segment Liabilities	66,959.92	5,493.89			72,453.81	183,300.01				183,300.01
Unallocated Liabilities				88,655.14	88,655.14					-
<b>Total Liabilities</b>	<b>66,959.92</b>	<b>5,493.89</b>	<b>-</b>	<b>88,655.14</b>	<b>161,108.95</b>	<b>183,300.01</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183,300.01</b>
Capital Expenditure	7,100.70	359.82			7,460.52	2,328.77				2,328.77
Depreciation & Amortization	4,751.00	240.28			4,991.28	5,029.12				5,029.12
Amortisation of expenditure on employee separation scheme					-					-
Non Cash Expenditure other than depreciation and amortisation					-	(32.07)				(32.07)

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

Schedule 22

By Geographical Segments:

	2010					2009				
	India	UK	USA & Canada	Rest of the World	Total	India	UK	USA & Canada	Rest of the World	Total
Sales Revenue	-	139,314.09	72,355.49	74,995.58	286,665.16	-	120,104.20	69,597.19	50,924.72	240,626.11
Segment Assets	-	221,255.08	38,555.37	43,505.92	303,316.37	-	229,432.26	38,484.37	20,757.44	288,674.07
Capital Expenditure	-	2,848.74	470.66	4,141.12	7,460.52	-	1,766.91	518.92	42.94	2,328.77

## FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA (GB) LIMITED  
Consolidated Notes to Accounts

## Schedule 22

## 9. a) Consolidated Related Party Disclosure

Particulars of transactions during the year ended March 31, 2010

Nature of Transactions	Holding	Fellow Subsidiaries	Promoter	Key Management Personnel/Relatives	Rs in lakhs	
						Total
Sale of Goods & Services	1005.95 (823.32)	- -	- -	- -	- -	1005.95 (823.32)
Purchase of Goods & Services	8797.46 (7,680.05)	- -	- -	- -	- -	8797.46 (7680.05)
Other Expenses	617.36 -	- -	259.49 (268.21)	- -	- -	876.85 (268.21)
Directors Remuneration	- -	- -	- -	1599.48 (828.67)	- -	1599.48 (828.67)
Dividend Paid	1773.73 (3,984.93)	- -	253.88 (570.06)	- -	- -	2027.61 (4554.99)
Other Income	1967.98 -	- -	- -	- -	- -	1967.98 -
Sale of Fixed Assets	320.94 -	- -	- -	- -	- -	320.94 -
Recovery of Loan	- -	2863.61 -	- -	- -	- -	2863.61 -
Balances Outstanding						
	Debit	-	1431.90	-	-	1431.90
		-	4167.90	-	-	4167.90
	Credit	3,381.02	-	234.77	-	3615.79
		(2,139.76)	-	(285.67)	-	(2425.43)

## Related Parties

## Holding Company

Tata Tea Limited

## Promoter

Tata Sons Ltd.

## Fellow Subsidiaries

Tata Tea Inc  
Tata Coffee Limited  
Mount Everest Mineral Water Limited  
Zhejiang Tata Tea Extraction Comoany Limited  
Alliance Coffee Limited  
Consolidated Coffee Inc  
Eight O' Clock Coffee Limited

## Key Management Personnel

Mr P T Siganporia - Managing Director, Tata Tea Ltd  
Mr P D Unsworth, Director, Tata Tea GB Ltd  
Mr J R Nicholas, Director, Tata Tea GB Ltd  
Mr L Krishna Kumar, Director, Tata Tea GB Ltd

## Joint Ventures

Tetley ACI (Bangladesh) Limited  
Empirical Group LLC, USA  
Southern Tea LLC, USA  
Tetley Clover Pvt Ltd, Pakistan  
Joekels Tea Packers Proprietary Ltd.  
(South Africa)

Notes on Accounts

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

Schedule 22 (Continued)

9. b) Disclosures in respect of transactions in excess of 10% of the total related party transactions of the same type

Rs. In Lakhs

		2010	2009
1	Recovery of Loan Tata Tea Inc	2863.61	-

**FINANCIAL STATEMENTS PREPARED UNDER IGAAP**

**TATA TEA (GB) LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

Rs in lakhs

	Year ended March 31, 2010 Rs in lakhs	Year ended March 31, 2009 Rs in lakhs
<b>Cash Flow from Operating Activities</b>		
Net Profit before Tax	13810.43	109319.12
Adjusted for :		
Depreciation and amortisation	4991.28	5029.12
Interest expense	5002.02	8421.69
Interest income	(12393.22)	(14229.89)
Provision for doubtful debts & advances	21.29	-32.07
Provision for doubtful debts and advances no longer required written back	(12.67)	
(Profit) / loss on sale / discard of fixed assets (net)	0.00	(55.26)
Exceptional Expense / (Income) (net)	15614.93	(75313.18)
<b>Operating Profit before working capital changes</b>	<b>27034.06</b>	<b>33139.53</b>
Adjustments for:		
Trade and other receivables	(6725.33)	2051.53
Inventories	(7290.06)	(4435.36)
Trade payables	2265.61	(3645.42)
	<b>(11749.78)</b>	<b>(6029.25)</b>
Cash generated from operations	<b>15284.28</b>	<b>27110.28</b>
Reorganisational costs / Funding of pension	-	(2,028.51)
Direct taxes paid	(18929.58)	(19529.28)
	<b>(18929.58)</b>	<b>(21557.79)</b>
<b>Net Cash from Operating Activities</b>	<b>(3645.30)</b>	<b>5552.49</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of fixed assets	(4492.84)	(3106.90)
Sale of fixed assets	29.05	694.97
Sale of long term investments (net of deposits in Escrow account)	127728.12	
Investments in Subsidiaries	(12890.68)	
(Purchase) / sale of current investments (net)	0.00	81708.87
Interest received	12722.41	15679.08
Inter corporate loans (net)	0.00	(75625.56)
<b>Net cash from Investing Activities</b>	<b>123096.06</b>	<b>19350.46</b>
<b>Cash Flow from Financing Activities</b>		
Proceeds from long term borrowings	60.02	
Repayment of long term borrowings	(19901.56)	(20590.17)
Working capital facilities (net)	3066.81	(640.52)
Dividend paid	(5962.49)	(13413.29)
Interest paid	(5987.75)	(8317.64)
<b>Net Cash used in Financing Activities</b>	<b>(28724.97)</b>	<b>(42961.62)</b>
Net increase / (decrease) in Cash and Cash Equivalents	<b>90725.79</b>	<b>(18058.67)</b>
<b>Cash and Cash Equivalents</b>		
Opening Balance	97870.74	127193.66
Exchange Gain/ (loss) on translation of foreign currency cash/cash equivalents	(5814.91)	(11264.25)
Closing Balance	<b>182781.62</b>	<b>97870.74</b>

The above Cash Flow Statement has been prepared under the ' Indirect Method' as set out in the Accounting Standard on ' Cash Flow Statements (AS-3) ' issued by Companies (Accounting Standards) Rules, 2006.

Previous year's figures have been rearranged/regrouped wherever necessary.