

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

Balance Sheet as at 31st March, 2010

Rs. in Lakhs

		<u>2010</u>	<u>2009</u>	
	Schedule			
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	6283.79	7099.40	
Reserves and Surplus	2	<u>11884.91</u>	<u>11774.87</u>	
		18168.70		18874.27
Loan Funds				
Secured Loans	3	920.13	-	
Unsecured Loans	4	<u>1346.53</u>	<u>4563.90</u>	
		2266.66		4563.90
TOTAL		<u><u>20435.36</u></u>	<u><u>23438.17</u></u>	
APPLICATIONS OF FUNDS				
Fixed Assets				
Gross Block	5	1293.57	1459.83	
Less : Depreciation		<u>986.38</u>	<u>1098.65</u>	
Net Block		307.19		361.18
Investments	6		19558.19	22096.73
Deferred Tax Asset (Net)	13		0.04	611.60
Current Assets, Loans & Advances				
Inventories	7	1430.91	2204.36	
Sundry Debtors	8	958.60	939.66	
Cash & Bank Balances	9	4.49	700.81	
Loans and Advances	10	<u>39.08</u>	<u>18.76</u>	
		<u>2433.08</u>	<u>3863.59</u>	
Less : Current Liabilities & Provisions				
Liabilities	11	1863.14	3419.37	
Provisions	12	<u>-</u>	<u>75.56</u>	
		<u>1863.14</u>	<u>3494.93</u>	
Net Current Assets			569.94	368.66
TOTAL		<u><u>20435.36</u></u>	<u><u>23438.17</u></u>	

Notes on Accounts

20

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

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

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

Rs. in Lakhs

		<u>2010</u>	<u>2009</u>
	Schedule		
INCOME			
Sales and Services - Net		8589.00	7581.66
Other Income	14	1643.40	-
Investment Income	15	<u>632.29</u>	<u>1386.07</u>
		10864.69	8967.73
EXPENDITURE			
Raw Materials Consumed	16	5782.92	5069.95
Expenses	17	1790.42	1756.27
Depreciation and Amortisation		34.11	23.10
(Accretion)/ Decretion to Stock	18	<u>204.59</u>	<u>(323.61)</u>
		<u>7812.04</u>	<u>6525.71</u>
		3052.65	2442.02
Interest		<u>(152.64)</u>	<u>(288.02)</u>
Profit before Taxation		<u>2900.01</u>	<u>2154.00</u>
Provision for Taxation	19	<u>905.00</u>	<u>376.72</u>
Profit after Taxation		<u>1995.01</u>	<u>1777.28</u>
Balance Bought forward		<u>10442.47</u>	<u>8665.19</u>
		<u>12437.48</u>	<u>10442.47</u>
APPROPRIATIONS			
Dividend :			
- Final		465.20	-
		<u>465.20</u>	<u>-</u>
Balance Carried Forward		<u>11972.28</u>	<u>10442.47</u>
Basic and Diluted Earnings per share (Rs)		14.25	12.69

Notes on Accounts 20

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

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

Schedules forming part of the Balance Sheet

Rs in Lakhs

	<u>2010</u>	<u>2009</u>			
Schedule 1					
SHARE CAPITAL					
Authorised 50,000,000 shares of \$1 each					
Issued, Subscribed and Paid-up 14,000,000 (14,000,000) shares of \$1 each, fully paid-up	6,283.79	7,099.40			
Of the above, 14,000,000 Shares are held by Holding Company					
	<u>6,283.79</u>	<u>7,099.40</u>			
Schedule 2					
RESERVES AND SURPLUS	<u>2009</u>	<u>Additions</u>	<u>Deductions</u>		
Exchange Fluctuation Reserve	1,332.40	(1,379.88)	(39.89)	(87.37)	1,332.40
Profit & Loss Account				<u>11,972.28</u>	<u>10,442.47</u>
				<u>11,884.91</u>	<u>11,774.87</u>

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

Schedules forming part of the Balance Sheet

	2010	2009
Schedule 3		
SECURED LOANS		
Working Capital Facilities	920.13	-
Secured by way of hypothecation of inventories and Account Receivables.		
	<u>920.13</u>	<u>-</u>
Schedule 4		
UNSECURED LOANS		
From Others*	1,346.53	4,563.90
	<u>1,346.53</u>	<u>4,563.90</u>

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

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		
TANGIBLE								
Land (including Development)	69.13	-	7.93	61.20	-	-	61.20	69.13
Buildings	439.86	-	50.51	389.35	17.53	198.47	190.88	234.40
Plant & Machinery	815.32	-	93.62	721.70	9.62	686.56	35.14	49.77
Furniture, Fixtures & Office Equipment	82.27	-	9.44	72.83	-	72.83	-	-
Motor Vehicles	52.24	21.09	25.74	47.59	6.96	28.52	19.07	6.87
INTANGIBLE								
Intangibles	1.01		0.11	0.90	-	-	0.90	1.01
Total	1,459.83	21.09	187.35	1,293.57	34.11	986.38	307.19	361.18
Previous Year	1,154.34	305.49	-	1,459.83	23.10	1,098.65	361.18	

Notes:

1. Exchange differences arising due to restatement of fixed assets, as at year end, have been transferred to Exchange Fluctuation Reserves.
2. Depreciation to date includes adjustment towards foreign exchange on restatement at the year end.

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

Schedules forming part of the Balance Sheet

Rs in Lakhs

<u>Schedule 6</u>	Class	Nos	<u>2010</u>	<u>2009</u>
INVESTMENTS				
Long Term (Fully Paid)				
Trade				
<u>Unquoted - In Subsidiary</u>				
Tata Tea (GB) Limited	Shares	25859240	19558.19	22096.73

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

Schedules forming part of the Balance Sheet

Rs in Lakhs

	<u>2010</u>	<u>2009</u>
Schedule 7		
INVENTORIES		
Stores, Spare Parts & Packing Materials	74.96	97.36
Raw Materials	826.77	1,373.23
Finished Goods	529.18	733.77
	<u>1,430.91</u>	<u>2,204.36</u>
Schedule 8		
SUNDRY DEBTORS		
(Unsecured unless otherwise stated)		
Debts outstanding for a period exceeding six months	-	-
Other Debts	958.60	939.66
	<u>958.60</u>	<u>939.66</u>
Less : Provision for Doubtful Debts	-	-
	<u>958.60</u>	<u>939.66</u>
	<u>958.60</u>	<u>939.66</u>
Note :		
Debts considered good	958.60	939.66
Debts considered doubtful	-	-
	<u>958.60</u>	<u>939.66</u>
Schedule 9		
CASH & BANK BALANCES		
Cash, Cheques in hand and Remittance in transit	4.49	700.81
	<u>4.49</u>	<u>700.81</u>

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

Schedules forming part of the Balance Sheet

Rs in Lakhs

Schedule 10	2010	2009
LOANS & ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
Considered good	22.44	18.76
Considered doubtful	-	-
	22.44	18.76
Less : Provision for doubtful advances	-	-
	22.44	18.76
Advance payment of tax (net of provision)	16.64	-
	39.08	18.76
Schedule 11		
LIABILITIES		
Sundry Creditors	1,763.05	1,514.70
Other Liabilities	100.09	1,904.67
	1,863.14	3,419.37
Schedule 12		
PROVISIONS		
Taxation less advance payments	-	75.56
	-	75.56
Schedule 13		
DEFERRED TAXATION		
Deferred Tax Liability	-	-
Deferred Tax Asset	0.04	611.60
	0.04	611.60

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

Schedules forming part of the Profit and Loss Account

Rs in Lakhs

	2010	2009
Schedule 14		
OTHER OPERATING INCOME		
Liabilities no longer required written back	1,643.40	-
	<u>1,643.40</u>	<u>-</u>
Schedule 15		
INVESTMENT INCOME		
Income from long term investments		
Dividend from Subsidiary	632.29	1,386.07
	<u>632.29</u>	<u>1,386.07</u>
Schedule 16		
RAW MATERIALS CONSUMED		
Opening Stock	1,373.23	1,406.59
Add: Purchases	<u>5,236.46</u>	<u>5,036.59</u>
	6,609.69	6,443.18
Less: Closing Stock	<u>826.77</u>	<u>1,373.23</u>
	<u>5,782.92</u>	<u>5,069.95</u>
Schedule 17		
EXPENSES		
Salaries, Wages and Bonus	456.95	437.10
Contribution to Provident Fund and other Funds	1.52	-
Workmen and Staff Welfare Expenses	179.23	141.20
Consumption of Packing Materials	565.15	462.20
Power and Fuel	106.80	135.60
Repairs to Plant and Machinery	19.12	87.90
Repairs to Buildings	6.26	27.28
General Repairs	12.38	17.19
Rates & Taxes	23.06	20.52
Insurance	48.16	40.57
Miscellaneous Expenses	<u>371.79</u>	<u>386.71</u>
	<u>1,790.42</u>	<u>1,756.27</u>
Schedule 18		
(ACCRETION)/DECRETION TO STOCK / WORK IN PROGRESS		
Stock as at 1st April		
Tea	733.77	410.16
	733.77	410.16
Stock as at 31st March		
Tea	529.18	733.77
	<u>529.18</u>	<u>733.77</u>
	<u>204.59</u>	<u>(323.61)</u>

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

Schedules forming part of the Profit and Loss Account

Rs in Lakhs

	<u>2010</u>	<u>2009</u>
Schedule 19		
PROVISION FOR TAXATION		
Income Tax	338.73	376.72
Deferred Tax	566.27	-
	<u>905.00</u>	<u>376.72</u>

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

Tata Tea INC

Notes on Accounts

Schedule 20

1. Significant Accounting Policies

(a) Accounting Convention

The financial statements are prepared to comply in all material aspects with all the applicable accounting principles in India. The financial statements have been prepared in accordance with the historical cost convention.

(b) Fixed Assets and Depreciation

Fixed Assets are carried at cost of acquisition less depreciation. Impairment loss, if any, ascertained 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 estimated useful life of the asset. Leasehold Buildings are depreciated over the remaining term of the lease

(c) Investment

Investments of a long-term nature are stated at cost, less adjustment for any diminution, other than temporary, in the value thereof.

(d) Inventory

Inventories are stated at cost or net realizable value whichever is lower. Cost is determined on 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.

(e) 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.

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

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

Tata Tea INC

Notes on Accounts

Schedule 20

(f) Sales & Services

Sales are recognized on passing of property in goods i.e. delivery as per terms of sale.

(g) 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.

(h) 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.

(i) Other Income

Income from Investments is accounted for on accrual basis.

(j) Employee Benefits

Post retirement employee benefits:

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

2. 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
Deferred Tax Liabilities		
Depreciation	-	-
Others	-	-
	-	-
Deferred Tax Assets		
Provision for Doubtful Debts / Advances	-	-
Other Assets	0.04	611.60
Carry forward agricultural income tax loss	-	-
Accrued promotions & repairs	-	-
	0.04	611.60

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

Tata Tea INC

Notes on Accounts

Schedule 20

3. Basic and Diluted Earnings per Share (EPS) has been computed with reference to net profits attributable to equity shareholders of Rs.1995.01 Lakhs (Rs.1777.28 Lakhs) and the weighted average equity shares outstanding (Nominal value – \$ 1 per share) at the end of the year of 140 Lakh shares (140 Lakh shares)

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC
Notes to Accounts

Schedule 20

4 a) Consolidated Related Party Disclosure

Particulars of transactions during the year ended March 31, 2010

Rs in lakhs

Nature of Transactions	Holding	Fellow Subsidiaries	Key Managerial Personnel	Total
Purchase of Goods & Services	4845.33 (4,177.23)	- -	- -	4845.33 (4177.23)
Technical / Marketing Services Paid	93.55 (94.36)	- -	- -	93.55 (94.36)
Repayment of Loan	- -	2,863.61 -	- -	2863.61 -
Interest Paid	- -	123.45 (260.23)	- -	123.45 (260.23)
Directors Remuneration	- -	- -	62.20 (44.68)	62.20 (44.68)
Dividend Paid	468.38 -	- -	- -	468.38 -
Credit	1,873.25 (1,488.72)			1873.25 (1488.72)

Related Parties

Holding Company

Tata Tea Ltd.

Key Managerial Personnel

Mr. S. Ravi, Director, CEO.

Fellow Subsidiaries

Tata Tea GB Ltd

Tetley Group Holdings Ltd

The Tetley Group Ltd, UK

Tetley GB Ltd

Tetley Overseas Holdings Ltd

Tetley Overseas Ltd

Lyons Tetley Ltd

Tetley US Holdings Inc.

Tetley USA Inc

Tetley Canada Inc

Tetley Australia Pty Ltd

Stansand Ltd

Stansand(Brokers) Ltd

Stansand(Africa) Ltd

Stansand(Central Africa) Ltd

Tetley Polska sp. zo.o

Drassington Limited, UK

Good Earth Corporation

Good Earth Teas Inc. (formerly Fmali Herb Inc.)

Teapigs Ltd.

Jemca .a.s

Tata Tea (GB) Investments Ltd.

Campestres Holdings Limited

Kahutara Holdings Limited

Suntycy Holding Ltd

Onomento Co Ltd

OOO Tea Trade LLC

OOO Sunty LLC

Tata Coffee Ltd

Consolidated Coffee Inc.

Eight 'O Clock Coffee Company

Alliance Coffee Ltd.

Tata Tea (GB) Capital Ltd.

Mount Everest Mineral Water Limited

Zhejiang Tata Tea Extraction Company Limited.

Tata Tea Holdings Private Limited.

Notes to Accounts

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

Schedule 20 (Continued)

4. 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	Repayment of Loan	Tata Tea (GB) Limited	2863.61	-
2	Interest Paid	Tata Tea (GB) Limited	123.45	260.23

5. The company is engaged in the processing of instant tea powder and do not operate in any other reportable segment.
6. Unless otherwise stated, figures in brackets relate to previous year and have been rearranged/regrouped, wherever necessary.

FINANCIAL STATEMENTS PREPARED UNDER IGAAP

TATA TEA INC

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

Rs in lakhs

	<u>Year ended March 31, 2010</u>	<u>Year ended March 31, 2009</u>
A. Cash Flow from Operating Activities		
Net Profit before Tax	2900.01	2154.00
Adjusted for :		
Depreciation and amortisation	34.11	23.10
Investment Income	(632.29)	(1386.07)
Interest expense	152.64	288.02
Liabilities no longer required written back	(1643.40)	-
Operating Profit before working capital changes	(2088.94)	(1074.95)
Adjustments for:		
Trade and other receivables	(138.40)	179.78
Inventories	587.52	(44.59)
Trade payables	613.14	(257.01)
	1062.26	(121.82)
Cash generated from operations	1873.33	957.23
Direct taxes paid	(419.58)	(301.16)
	(419.58)	(301.16)
Net Cash from Operating Activities	1453.75	656.07
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(21.09)	-
Sale of fixed assets	0.52	-
Investment income	632.29	1386.07
Net cash from Investing Activities	611.72	1386.07
C. Cash Flow from Financing Activities		
Proceeds from long term borrowings	1307.16	-
Repayment of long term borrowings	(4353.53)	-
Working capital facilities (net)	981.02	(960.35)
Dividend paid	(465.20)	-
Interest paid	(150.73)	(288.02)
Net Cash used in Financing Activities	(2681.28)	(1248.37)
Net increase / (decrease) in Cash and Cash Equivalents	(615.81)	793.77
D. Cash and Cash Equivalents		
Opening Balance	700.81	76.88
Exchange Gain/ (loss) on translation of foreign currency cash/cash equivalents	(80.51)	(169.84)
Closing Balance	<u>4.49</u>	<u>700.81</u>

Notes:

1 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.

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