

**Annual General Meeting on
Friday, 22nd August, 2008
at The Oberoi Grand,
15, Jawaharlal Nehru Road,
Kolkata 700 013**

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Odd Lot Holdings

Having regard to the difficulties experienced by the shareholders in selling their holding of odd lot shares in the stock market, a scheme for the purchase of odd lot equity share of Tata Tea Limited has been framed by TSR Darashaw Limited.

Any shareholder wishing to know the details of the scheme may kindly write to TSR Darashaw Limited, 6-10 Haji Moosa Patrawala Ind. Estate, 20 Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011 superscribing the envelope with the words **"Odd Lot Scheme"**.

Tata Tea Limited
Board of Directors

R. N. Tata (*Chairman*)
R. K. Krishna Kumar (*Vice Chairman*)
Y. H. Malegam
D. B. Engineer
F. K. Kavarana
K. Pringle (*upto 29.2.2008*)
U. M. Rao
Dr. Amrita H. Patel (*Ms.*)
A. R. Gandhi (*Joined from 1.6.2007*)
P. D. Unsworth (*Joined from 1.3.2008*)
P. T. Siganporia (*Managing Director*)
S. Talwar (*Ms.*) (*Whole-time Director*)

D. K. Sen (*Vice President & Secretary*)

Registered Office

1, Bishop Lefroy Road, Kolkata - 700 020.
 Telephone : 2281 1807/3709/3779/3891/4422
 Fax : 22811199
 Website : www.tatatea.com

Registrars

Equity Shares & Fixed Deposits
 TSR Darashaw Limited,
 (Formerly Tata Share Registry Limited)
 (Unit : Tata Tea Ltd.)
 6-10 Haji Moosa Patrawala Ind. Estate,
 20 Dr. E. Moses Road, Mahalaxmi,
 Mumbai 400 011.
 Telephone : 022-66568484 Fax : 022-66568494
 Website : www : tsrdarashaw.com

Kolkata Office :
 1st Floor, Tata Centre,
 43, Chowringhee Road,
 Kolkata - 700 071
 Telephone : 033-22883087
 Fax : 033-22883087

Solicitors and Legal Advisors

Khaitan & Co.
 Orr, Dignam & Co.

Auditors

N. M. Raiji & Co.
 Lovelock & Lewes

Bankers

ABN Amro Bank N.V.
 Bank of America
 Citibank N.A.
 Deutsche Bank
 HDFC Bank Limited
 ICICI Bank Limited
 Standard Chartered Bank
 State Bank of India
 State Bank of Travancore
 The Hongkong and Shanghai Banking
 Corporation Limited

Board Committees
Audit Committee

1. Mr. Y. H. Malegam - Chairman
2. Mr. R. K. Krishna Kumar
3. Mr. U. M. Rao

Shareholders'/Investors' Grievance Committee

1. Mr. F. K. Kavarana - Chairman
2. Mr. D. B. Engineer
3. Mr. U. M. Rao

Remuneration Committee

1. Mr. D. B. Engineer
2. Mr. R. K. Krishna Kumar
3. Mr. U. M. Rao

Executive Committee

1. R. N. Tata - Chairman
2. Mr. R. K. Krishna Kumar
3. Mr. U. M. Rao
4. Mr. K. Pringle (*upto 29.2.2008*)
5. Managing Director, Executive Director & CFO

Nomination Committee

1. R. N. Tata
2. Mr. R. K. Krishna Kumar
3. Mr. Y. H. Malegam
4. Mr. F. K. Kavarana

Ethics & Compliance Committee

1. Mr. F. K. Kavarana
2. Mr. P. T. Siganporia

Corporate Sustainability Reporting Committee

1. Mr. U. M. Rao
2. Mr. P. C. Tyagi-Expert Member (*former Chairman of Central Pollution Control Board*)
3. Mr. P. T. Siganporia

NOTICE

Notice is hereby given that the forty fifth Annual General Meeting of the Members of Tata Tea Limited will be held at The Oberoi Grand, 15, Jawaharlal Nehru Road, Kolkata 700013 on Friday, 22nd August, 2008 at 10.30 a.m. to transact the following business :-

1. To receive and adopt the Profit and Loss Account for the year ended 31st March, 2008, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend
3. To appoint a Director in place of Mr. R. K. Krishna Kumar who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. U. M. Rao who retires by rotation and is eligible for reappointment.
5. To appoint a Director in place of Dr. Amrita H. Patel who retires by rotation and is eligible for reappointment.
6. To appoint Auditors and fix their remuneration.
7. **Appointment of Additional Director**

To consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution :-

“Resolved that Mr. Peter Dylan Unsworth who was appointed by the Board of Directors as an Additional Director of the Company with effect from 1st March, 2008, and who holds office upto the date of the forthcoming Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 (‘the Act’) and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of a Director of the Company, be and he is hereby appointed a Director of the Company.”

The Register of Members shall remain closed during 5th August, 2008 to 22nd August, 2008, both days inclusive.

By Order of the Board



(D. K. SEN)

Vice President & Secretary

Registered Office :
1, Bishop Lefroy Road
Kolkata – 700 020
Date : July 14, 2008

Notes :

1. The dividend that may be declared by the Company will be paid on or after 25th August, 2008, to those members of the Company holding shares in physical form whose names appear on the Register of Members as on 5th August, 2008. In respect of shares held in electronic form, the dividend will be paid to the beneficial owners of the shares as on beginning of 5th August, 2008, as per details that may be provided by the Depositories for this purpose.
2. **A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a Member of the Company. Proxies, in order to be effective must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, partnership firms, etc. must be accompanied by appropriate resolution/authority as applicable, issued on behalf of the nominating organisation.**

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3. **Shareholders are requested to immediately notify their bank particulars giving the name of the bank and the branch, the nature of account and account number to the Company's Registrar and Share Transfer Agent, TSR Darashaw Limited. Shareholders are hereby informed that instances of fraudulent encashment of dividend warrants issued to shareholders who did not furnish their bank particulars has come to the notice of the Company and it is extremely important and in the interest of the shareholders to furnish to the Company immediately their bank particulars. The shareholders may please note that under instructions from the Securities and Exchange Board of India, furnishing of bank particulars by the shareholders has become mandatory.**
4. Pursuant to Section 205C of the Companies Act, 1956 all unclaimed/unpaid dividend, debenture interest and interest on deposits as well as principal amount of deposits upto 31.3.2008 remaining unpaid or unclaimed for a period of 7 years from the date they became due for payment, have been transferred to the Investors Education & Protection Fund (IEPF) established by the Central Government. Shareholders/debentureholders/depositors may kindly note that the Company is statutorily required to transfer to IEPF all unclaimed/unpaid dividend, debenture interest and principal and interest on deposits remaining unpaid/unclaimed for a period of seven years from the date they became due for payment and **once such amounts are transferred to IEPF, no claim of the shareholder/ debentureholder/ depositor shall lie against the Company or the IEPF.** For the information of the shareholders it is hereby notified that the following dividend/interest amounts will be due for transfer to IEPF during the financial year 2008-09 :-
 - a. Dividend paid on 28.9.2001 in respect of the financial year 2000 -2001.
 - b. Interest on fixed deposits paid during 1.4.2001 to 31.3.2002
 - c. Principal amounts on maturity of deposits due during 1.4.2001 to 31.3.2002.

Shareholders/debentureholders/depositors who have not yet encashed their dividend warrants/interest warrants or have not claimed the principal amount of deposit by submitting the discharged Fixed Deposit Receipts are requested to do so immediately. Further details relating to such transfers to IEPF have been given in paragraph 11 of the Corporate Governance Report.
5. Shareholders holding shares in electronic form are hereby informed that bank particulars registered against their respective depository accounts will be used by the Company for printing on the face of the dividend warrants. For the safety and interest of the shareholders, it is important that bank account details are correctly provided to the depository participants. **The Company or its Registrars cannot act on any request received directly from the shareholders holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the depository participant of the shareholders. The bank mandate, if any, for shares held in physical form cannot be applied for shares held in electronic form.**
6. Shareholders holding shares in physical form are requested to advise any change of address immediately to Company's Registrar and Share Transfer Agent, TSR Darashaw Ltd. **Shareholders holding shares in electronic form should advise their respective depository participants about change in address and not to the Company or the Registrars.**

PARTICULARS OF DIRECTORS SEEKING APPOINTMENT/REAPPOINTMENT

Particulars	Mr. R. K. Krishna Kumar	Mr. U. M. Rao	Dr. Amrita H. Patel	Mr. P. D. Unsworth
Date of Birth	18.7.1938	2.7.1938	13.11.1943	10.7.1958
Date of Appointment	5.5.1987	1.11.2003	29.6.2006	1.3.2008
Qualifications	M.A.	B.Com.	Bachelor of Veterinary Science & Animal Husbandry	B.Sc., ACMA (London)
Number of shares of the Company held	9,000	Nil	1264	Nil
Expertise in specific functional area	Mr. Krishna Kumar served as the Managing Director of the Company from May 1991 to January 1998. He was appointed Vice Chairman and Managing Director in 1997. In 1998, he ceased to be the Managing Director to take over as the Managing Director of The Indian Hotels Co. Ltd. He is also on the Boards of a number of Tata Group companies including Tata Sons Ltd. and Tata Industries Ltd. He is also the Trustee of several important Tata Trusts. Mr. Krishna Kumar is associated with the Tea industry for over 40 years. He has long experience of overall business management of Indian and overseas corporate bodies	Mr. Rao was formerly the Managing Director of General Insurance Corporation of India from which he retired in July 1998. Mr. Rao has long experience in all facets of insurance and risk management as well as administration and management of companies.	Dr. Patel is an eminent professional in the field of Dairy Development, Co-operatives, Rural Management, Animal Husbandry, Ecological & Environmental matters. She is currently the Chairman of National Dairy Development Board, Mother Dairy Fruit & Vegetable Ltd. and several other companies as mentioned below. She has been conferred the Padma Bhushan by the Government of India	Mr Unsworth is currently the Chief Executive Officer of Tetley Group of Companies .He is responsible for setting strategy, implementing them and monitor and manage all Tetley Group companies located in different parts of the world. He has long experience of financial management as well as management and administration of businesses in many overseas countries.

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Chairman/Director of other companies (excluding foreign companies)	Tata Sons Ltd. Tata Industries Ltd. The Indian Hotels Co. Ltd. Tata Coffee Ltd. Ewart Investments Ltd. THDC Ltd. Piem Hotels Ltd. Oriental Hotels Ltd. INFINITY Retail Ltd. Tata Realty & Infrastructure Ltd. Tata International Ltd.	Ispat Industries Ltd. Tata Coffee Ltd.	IDMC Ltd. Mother Dairy Fruit & Vegetable Pvt. Ltd. Dhara Vegetable Oil & Foods Co. Ltd. Indiagen Ltd. Indian Immunologicals Ltd. Safal National Exchange of India Ltd.	Nil
Chairman/Member of Committees* of the Boards of Companies of which he is a Director	Tata Coffee Ltd. <i>Shareholders'/Investors' Grievance - Chairman</i> The Indian Hotels Co. Ltd. <i>Shareholders'/Investors' Grievance - Member</i>	Ispat Industries Ltd. <i>Shareholders'/Investors' Grievance - Chairman Audit - Member</i>	Nil	Nil

* Includes Audit and Shareholders'/Investors' Grievance Committees.

For TATA TEA LIMITED



(D. K. Sen)

Vice President & Secretary

Kolkata
Date : July 14, 2008

EXPLANATORY STATEMENT
Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 7

At the Board Meeting held on 28th January, 2008, the Board of Directors of the Company ('the Board') decided to appoint Mr. Peter Dylan Unsworth as an Additional Director of the Company under Section 260 of the Companies Act, 1956. Mr. Unsworth holds office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received a notice under Section 257 of the Companies Act, 1956, from a Member of the Company informing that at the next Annual General Meeting, the said Member would like to propose the appointment of Mr. Unsworth as a Director of the Company.

Mr. Unsworth is a Graduate in Science and a Member of the Institute of Cost & Management Accountants in the U.K. He worked for more than ten years with the National Coal Board, U.K. and joined the Tetley Group in 1996 as the Finance & IT Director. He took over as the Group Finance Director from 1999 and thereafter, from 2002, became the Managing Director of Supply & Support in the Tetley Group. From April, 2007, Mr. Unsworth was appointed as the Chief Operating Officer of the Tetley Group and with effect from 1st March, 2008, he has been appointed CEO of the Tetley Group. Mr. Unsworth currently runs all aspects of the Tetley business including setting strategies and managing and monitoring the performance of the Tetley Group at all its establishments across the world.

Mr. Unsworth served as an Alternate Director to Mr. K. Pringle during the period 31st October, 2000 to 29th February, 2008. Keeping in view the experience and expertise of Mr. Unsworth, your Directors decided to appoint Mr. Unsworth as an Additional Director of the Company with effect from 1st March, 2008, subject to the approval of the Members of the Company. Details of Mr. Unsworth's age, qualifications, expertise and directorships and memberships of other Board and Board Committees have been given in the annexure attached to the Notice convening the Annual General Meeting. Mr. Unsworth has filed Form DD-A with the Company as required under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003.

Your Directors commend the acceptance of the resolution by the shareholders.

No Director of the Company other than Mr. Unsworth is interested or concerned in the Resolution.

By Order of the Board



(D. K. SEN)

Vice President & Secretary

Registered Office :
1, Bishop Lefroy Road
Kolkata – 700 020
Date : July 14, 2008

Tata Tea Limited**Directors' Report**

Your Directors are pleased to submit their report together with the audited statement of accounts for the year ended 31st March, 2008:

	Rs. Crores		
1. Financial Results	2007-08		2006-07
Total Income	1263.29		1146.11
Profit before interest, depreciation, exceptional items and tax	286.17		273.44
Deduct:			
Interest (net)	21.88	11.63	
Depreciation	10.16	18.54	
	32.04		30.17
Profit before tax and exceptional items	254.13		243.27
Exceptional items net of interest on loans for acquisitions	131.73		106.50
Profit before tax	385.86		349.77
Provision for tax	73.00		43.20
Profit after Tax	312.86		306.57
Add: Surplus brought forward from previous year	150.61		132.57
Amount available for appropriation	463.47		439.14
Proposed Dividend			
- normal	92.76	92.76	
- one-time special	123.68	—	
Income-tax on dividend	36.78	15.76	
Transfer to General Reserve	40.00	180.00	288.52
	170.25		150.61

2. Operating Results**Highlights**

Your Directors are pleased to report that 2007-08 turned out to be yet another record year during which your Company achieved highest ever turnover and profits. The total income for the year at Rs.1263.29 crores was 10 % higher than the previous year. Profit before tax improved to Rs.385.86 crores compared with Rs. 349.77 crores in the previous year. However provision for taxation in the current year was higher at Rs.73.00 crores (previous year Rs.43.20 crores) due to non –availability of certain tax incentives and consequently Profit after tax at Rs. 312.86 crores was marginally higher than the previous year's achievement of Rs.306.57 crores. The results of this year's performance were primarily driven by the record breaking growth in sales of our brands. During 2007-08 the branded products business grew at an enhanced rate than in preceding years. Brand volumes grew by 15% and Brand values grew by 17% over the preceding year. It is heartening to report that

during 2007-08 your Company emerged as the market leader for branded tea in terms of volume, surpassing all competitors. The Tata Tea brand is the market leader in Volume and Value terms in India.

On 9th April 2008 the Honourable High Court at Calcutta passed judgement approving the Reconstruction Scheme of North India Plantation Division (NIPD) which takes effect from 1st April, 2007. In terms of the Scheme the business and undertakings of 24 tea estates comprised in NIPD as well as other support and ancillary facilities as specified in the Scheme stand transferred to Amalgamated Plantations Private Limited (APPL) . Both your Company and APPL had filed the Order of the Calcutta High Court with the Registrar of Companies, West Bengal on close of business on 30th April 2008 as required under the provisions of the Companies Act, 1956. However the Regional Director, Eastern Region, Ministry of Corporate Affairs had filed an appeal before the Division Bench of Calcutta High Court on 15th May 2008 praying , inter-alia, for stay of the judgement of the Single Judge . On 16th June 2008 the Division Bench considered the Appeal but did not find it necessary to interfere with the Order passed by the Single Judge and the Appeal was accordingly dismissed. Effect of this transaction has been given in the accounts and results in a one-time profit of Rs.162 crores to your Company. Details of the transaction are given later in the report.

Even as the erstwhile tea estate operations are structured into a separate entity, the focus of your Company is now to address the opportunity of transformation into a global beverage company, with an appetite for growth. On a consolidated basis in 2007-08 turnover of your Company from the domestic market was 26% while 74% of the consolidated turnover was contributed by overseas operations, reflecting the international nature of our current operations.

3. Dividend

Your Directors are pleased to recommend for the approval of the shareholders a normal dividend of 150% (Rs.15 per share) on the paid-up equity share capital of the Company in respect of the financial year 2007-08 compared with 150% (Rs.15 per share) declared last year. Your Directors also recommend for approval of the shareholders a special one time dividend of 200% (Rs. 20 per share) on account of substantial exceptional income earned by the Company & its subsidiaries during 2007-08. The total outgo on account of dividend, inclusive of taxes, of Rs.253.22 crores is higher by Rs.144.70 crores over Rs.108.52 crores paid in the previous year and is the highest dividend distribution recommended in the history of your Company.

4. Preferential Issue

On 2nd May 2007 the Company allotted 28,10,000 Equity shares of Rs.10 each to the main promoter Tata Sons Ltd by way of conversion of same number of Warrants allotted on 20th November 2006. After the allotment of these shares the shareholding of the promoter group stand enhanced to 35.31% of the paid-up capital of the Company.

5. Investment in Energy Brands Inc., USA, Mount Everest Mineral Water Ltd, and Zhejiang Tata Tea Extraction Company Limited, China

As the Shareholders are aware last year the Company had acquired a 25% stake in Energy Brands Inc., USA through one of its subsidiary companies in the UK. Tata Sons Ltd had acquired 5% of equity. The

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Coca Cola Company, USA offered to acquire the entire shareholding of EBI at an enterprise valuation of US\$4.2 billion which the management of EBI decided to accept. The Tata Group, being a minority shareholder in EBI, decided to agree to transfer its shareholding in EBI to The Coca Cola Company, USA. This transaction was completed in October 2007 for an aggregate consideration of \$1.02 billion and has resulted in a pre-tax profit, net of transaction costs, of \$421.54 million in the Tetley Group. After necessary adjustments for costs etc. the profit on sale of shares of EBI considered in the consolidated results is Rs.1607.52 crores.

During the year the Company acquired shares of Mount Everest Mineral Water Ltd (MEMW) at a price of Rs.140 per share through subscription to preferential offer, Open Offer to the shareholders of MEMW (other than promoters) in accordance with the requirements of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and purchase of shares from the former promoters of MEMW pursuant to a Share Purchase agreement. The Company currently holds 31.73% of the paid-up share capital of MEMW. In accordance with the Articles of Association of Mount Everest Mineral Water Ltd and the shareholders' agreement with its promoters the Company presently controls the Board of Directors of the Company and has management control as well. Consequently based on legal opinion, MEMW is considered as a subsidiary of the company. MEMW shares are listed with The Bombay Stock Exchange Ltd and the company owns the 'Himalayan' brand of natural mineral water. Your directors believe that the bottled water market segment offers a growing business opportunity in the domestic as well as in international markets. Plans to significantly enhance the marketing and distribution reach of the products of MEMW are currently under implementation.

During the year, your Company entered into a Joint Venture with The Zhejiang Tea Group for setting up a Green Tea Extracts and Polyphenol extraction unit in China. Your company holds 70% stake in this joint venture company Zhejiang Tata Tea Extraction Company Limited and the balance 30% being held by the Chinese partner, Zhejiang Tea Import and Export Company Limited. Currently the construction of the plant is under progress.

6. Performance of Tetley

The performance of Tetley in international branded tea markets is robust with volume of sales about 6% higher than during the previous year. The growth of the Tetley brand was enabled by customer and consumer insight relevant innovation, introduction of new products, cash generation and in pioneering the agenda for growth of the beverage portfolio. Despite global competition in all key markets, aggressive marketing efforts have grown Tetley's market share and profits in most key markets.

7. Global Branded Turnover of the Tata Tea Group

Over the last few years your Company and its subsidiaries have transformed into a branded beverage company. The consolidated turnover of the Company including all its subsidiaries was Rs. 4432 crores (previous year Rs.4103 crores) of which 90% was contributed by the Group's worldwide branded tea and coffee business.

8. Restructuring of North India Plantation Operations

In the last year's Directors' Report, the Board informed shareholders that they had first approved and then submitted the scheme of reconstruction of Company's North India plantation operations before the Hon'ble High Court at Calcutta in February 2007 for their approval. The Scheme was approved by the shareholders at the court convened meeting held on 5th April, 2007. The High Court at Calcutta vide its Order dated 9th April, 2008 approved the said Scheme. The reconstruction scheme envisages equity participation by strategic investors as well as your company in the capital of Amalgamated Plantations Private Limited (APPL), the new company floated for this purpose. The strategic investors of APPL will potentially include International Finance Corporation (an arm of the World Bank), Infrastructure Leasing & Finance Corporation Ltd., Globally Managed Services and Tata Investment Corporation Ltd. Your Company will hold a minority shareholding in APPL. In due course APPL will issue shares to its employees and work towards a social transformation of the organization. The new company, in addition to production and marketing of tea, will develop a portfolio of non-tea based activities, to diversify its income and growth. Your Directors wish to record the cooperation of the State

Governments of Assam and West Bengal who, appreciating the problems facing the plantation industry, recognized the merit of participative management of plantation operations and support the reconstruction scheme. Your Directors also wish to recognize and appreciate the positive approach of our trade unions and employees towards partnering and developing such action. As mentioned earlier, the Regional Director, Eastern Region, Ministry of Corporate Affairs had filed an appeal before the Division Bench of Calcutta High Court on 15th May 2008 praying , inter-alia, for stay of the judgement of the Single Judge which was dismissed by the Division Bench on 16th June 2008.

It may be mentioned here that Kanan Devan Hills Plantation Company Private Limited (KDHP) in South India to whom 17 estates were transferred in 2005 continues to perform well during the last three years, improving profit generation during this year. In the first two years of operation KDHP had paid dividends.

With the approval of the scheme of Reconstruction for the North India estates, your company now owns only two tea estates in South India which are managed by KDHP under a management contract.

9. Review of Activities

A. Branded Tea Operations

The Branded tea business continued to maintain the volume growth that it had recorded in the last three years. It is heartening to report that the national and regional brands of your company recorded a volume growth of nearly 15% during the year under review. In terms of volume market share, according to reports of independent market survey agencies, your company is now the market leader having outperformed its nearest competitor. Growth in volume was achieved during 2007-08 across all the brands of your Company and the highest growth was achieved by Tata Tea Agni. Over the last three years the branded business has grown 35% in volume and 47% in value terms.

B. Instant Tea

Instant Tea unit at Munnar produced 39.59 lakh lbs during 2007-08 compared with 41.41 lakh lbs in the previous year . Powders are being developed for customers as per their requirements on an ongoing and need basis. New product development such as High Clarity Tea is being pursued. During the year the Unit had achieved the capability to manufacture Organic Instant Tea which has been duly certified by IMO Control, Bangalore as per NPOP & EU guidelines. The Unit has commissioned the bio-gasification project with the spent tea waste from the process as bio- fuel. This is an initiative to convert the process waste to useful energy replacing fossil fuel in Boilers. The project was initiated out of your Company's consciousness to become environment friendly and will go a long way in conserving fossil fuel.

C. Exports

Total exports during the year at FOB value at Rs. 144 crores were lower than Rs.161 crores achieved in the previous year due to decline in bulk exports. Tata Tetley unit continued to meet the group's requirements in Australia, Eastern Europe and Middle East and performed well during the year. Exports of instant tea powder continues to be strong though volume of sales during the year was marginally lower than in the previous year. In May 2007 the company has entered into a joint venture with a Chinese partner for setting up a manufacturing and marketing facility in China for Green Tea Polyphenols, tea extracts, instant tea and other value added tea beverage products. This joint venture company in China is a subsidiary of your company.

D. Community Development, Employees' Welfare and Environment Conservation

During 2007-08 your company was running the operations of 24 tea estates in the States of Assam and West Bengal in trust and on behalf of APPL. The community development and employees welfare activities during 2007-08 showed improvement compared with the previous year. These activities include organizing

Tata Tea Limited

health exhibition, baby show, cataract camps, sports activities, Pulse polio immunization programme, Malaria awareness and health awareness programmes. Through distribution of banners and leaflets and by organizing street dramas on personal hygiene, cleanliness, worm infestation, anemia, diarrhea prevention etc awareness about health care has been inculcated among the workmen and local population.

In South India your Company continued its support of welfare activities through the General Hospital, High Range School and Shristi even after transfer of most of the tea estates to Kanan Devan Hills Plantation Company Private Limited and Tata Coffee Limited. The General hospital at Munnar provides medical cover not only to the employees of the Company and of KDHP but also to the local population. Steps have been taken to improve the quality of service in the hospital and its strength of doctors has been strengthened by employing new doctors including specialists. Outreach medical camps are held which cater to the requirements of the local community including tribals. The High Range School which provides quality education to nearly 500 students had 100% passes both in 10th and 12th standards students. Welfare centres under 'Shristi' at Munnar continued to function satisfactorily providing education and vocational training to mentally and physically challenged dependents of plantation employees.

E. Industrial Relations

During the year under review, industrial relations remained generally peaceful at all our offices and establishments. Your Directors wish to record their appreciation of the positive attitude of all the plantation employees of the North India plantations towards the reconstruction agenda.

10. The Indian Tea Industry

The country produced 945 million kgs. of teas during 2007 which was just marginally lower than the previous year's production of 956 million kgs. Exports during the year at 157 million kgs. was lower by 62 million kgs than the previous year. Accordingly approximately an additional 51 million kgs of teas were available in the domestic market. The Packet tea market is estimated to have grown to 360 million kgs. in 2007 and is growing at about 4% per annum.

11. United Nations Global Compact Compliance

The Tata Group is a signatory to the Global Compact issued by the Secretary General of the United Nations in 1999 and the following describes the manner in which the company is supporting the key principles of the Compact.

The Tata Code of Conduct serves as a guide to the Company and its employees about how they are expected to govern their conduct in business dealings and documents the standards of values, ethics and business principles that are expected from the employees at all levels. The employees can decide to form their associations and the company treats them with dignity. The company follows a process of dialogue and discussions with the unions representing the workforce for settlement of terms and conditions of service. The company does not engage child labour and the statutory provisions in this regard are complied with at all locations. There has been no violation of human rights. The company provides equal opportunities to all its existing employees as also to all applicants for employment with the company and does not make any discrimination on account of caste, religion, race, colour, ancestry, marital status, sex, age, nationality, disability etc. As a measure of environment protection several environment friendly practices have been adopted by the company such as use of biomass, maintaining and protecting renewable energy sources, supporting forest management, scientific disposal of medical and packing material waste etc. Very recently the Company has commissioned a new bio-gassification plant in the Instant Tea factory at Munnar which would significantly reduce use of fossil fuel.

12. Corporate Governance & MD &A

A detailed report on Corporate Governance is separately attached together with a report on Management Discussion and Analysis.

13. Tata Business Excellence Model

In the last financial year, significant improvements have been made by the company in its Business Excellence journey. After having received the Award for Serious Adoption of TBEM in 2005, the company registered a further increase in the score in the last two assessments. The company successfully achieved the next milestone - the Award of Active Promotion for a first score in excess of 500.

Based on the report received from the External Assessors and keeping in view the strategic directions of the company, a major initiative of Project CROSS has been commenced. A cross functional team of executives has been identified to functional heads and process owners to make improvements in their respective areas. This initiative will assist in improvement and integration of existing processes.

An increasing pool of External & Internal Assessors is in place to drive step change improvements across functions.

14. Directors' Responsibility Statement

Pursuant to the requirement of Section 217 (2AA) of the Companies Act, 1956 ('the Act') and based on the representations received from the operating management, your Directors hereby confirm that :-

- i) In the preparation of the Annual Accounts for 2007-08, the applicable Accounting Standards have been followed and there are no material departures.
- ii) They have selected such accounting policies with the approval of the Statutory Auditors and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the financial year.
- iii) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) They have prepared the Annual Accounts on a going concern basis.

15. Subsidiary and Associate Companies

- (i)
 - a. As required under the Listing Agreement with the Stock Exchanges the Audited Consolidated Financial Statements of the Company together with all its subsidiary and associate companies prepared in accordance with applicable Accounting Standards is attached.
 - b. The company has been granted exemption by the Ministry of Corporate Affairs, from attaching with its accounts the individual accounts of each of its subsidiary companies subject to certain conditions. However, keeping in view the large investment of the company in Tata Tea (GB) Ltd, UK, the Directors have decided to attach the consolidated accounts of Tata Tea (GB) Ltd and its subsidiaries with the accounts of the Company as part of its unabridged Annual Report. The consolidated accounts of Tata Tea (GB) Ltd attached voluntarily with these accounts have been prepared on the basis of UK GAAP and is for 52 weeks ended 5th April, 2008.
 - c. Any shareholder may either ask for a copy or inspect at the Registered Office a copy of the audited accounts of the subsidiary companies (where required to be prepared).
- (ii) Tata Coffee Limited, a subsidiary of your Company, reported an increase of 16% in total income mainly due to higher volume of instant coffee sales. Profit after tax at Rs. 24.68 crores was higher than the previous year's earning of Rs.21.22 crores. The Directors of that Company have recommended a dividend of 70% (previous year 65%). Eight O'Clock Coffee Company, USA , a subsidiary of Tata Coffee which was

Tata Tea Limited

acquired in August 2006 recorded 40% increase in turnover due to higher sales and effect of full year's turnover as against about eight months in the previous year partly impacted by adverse exchange rates.

- (iii) The Company's wholly owned subsidiary in USA, Tata Tea Inc. reported a 9% higher turnover in 2007-08 and profit after tax also showed satisfactory improvement compared to the previous year.
- (iv) The Consolidated Accounts of Tata Tea (GB) Ltd. a copy of which is included in this Annual Report, reflects the financial performance of The Tetley Group during 2007-08 prepared in accordance with UK GAAP, wherein the turnover as well as profit have remained flat at previous year's level. In the international markets where Tetley operates the competition is intense despite which at constant exchange rates, the Tetley Group recorded a 6% growth in turnover. Profit after tax at Rs. 1698 crores included exceptional income of Rs.1608 crores arising from sale of shares of EBI .
- (v) Rallis India Ltd (RIL) which is an Associate of your company has reported improved performance in 2007-08 . Profit after tax increased by 125% compared with the previous year. Directors of that company have recommended a dividend of 160 % compared to 80 % in the previous year.
- (vi) Estate Management Services, Sri Lanka, where your Company holds shares and which is the holding company of Watawala plantations Ltd (WPL) has declared for 2007-08 a dividend of 12.50% against 19.50% declared last year.

16. Directors

Mr. K. Pringle, Vice Chairman & CEO of the Tetley Group decided to step down from the Board with effect from 1st March 2008. Mr. Pringle joined your Board in June 2000 soon after your Company acquired the Tetley Group. Your Directors wish to place on record their appreciation of the rich and valuable contributions of Mr. Pringle during his nearly 8 years association with the company as a Director.

At the Board meeting held on 28th January 2008 your Directors have appointed Mr P. D. Unsworth as an Additional Director of the company with effect from 1st March 2008. Mr. Unsworth holds office upto the date of the forthcoming Annual General Meeting and the Company has received a notice from a member informing her intention to propose the candidature of Mr Unsworth as a Director of the Company at the next Annual General Meeting.

Mr. R. K. Krishna Kumar, Mr. U. M. Rao and Dr Amrita H Patel retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Brief particulars and expertise of these Directors and their other directorships and committee memberships have been given in the annexure to the Notice of the Annual General Meeting in accordance with the requirements of Listing agreement with Stock Exchanges.

All these directors have filed Form DD-A with the Company as required under the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003 .

17. Consolidated Financial Statements

As required under the Listing Agreement with the Stock Exchanges, Audited Consolidated Financial Statements of your Company together with all its subsidiary companies prepared in accordance with Accounting Standard 21 issued by the Institute of Chartered Accountants of India are attached . These statements show the financial resources, assets, liabilities, income, profits and other details of the Tata Tea Group of Companies as a single entity, after elimination of minority interest. They have been prepared on the basis of Indian Accounting Standards currently prescribed in this regard and using generally accepted accounting principles followed in India (Indian GAAP). It will be noticed from the Consolidated Financial Statements that Tata Tea Group had a total income in 2007-08 of Rs.4432 crores (previous year Rs. 4,103 crores), and Profit before Tax and exceptional items was Rs. 493 crores (previous year Rs. 428 crores) an increase of 15%. Profit before Tax after including

exceptional income was Rs.2059 crores (previous year Rs. 566 crores) and the consolidated Net Profit was Rs.1543 crores (previous year Rs. 443 crores). The basic earnings per share at Rs.250.41 grew by 223% over the previous year mainly boosted due to large component of exceptional income.

18. Auditors

The Members are requested to appoint the Auditors and fix their remuneration. Messrs. N. M. Raiji & Co. and Lovelock & Lewes, the retiring Auditors have furnished certificates of their eligibility for re-appointment as required under the Companies Act, 1956.

19. Particulars of Employees

Information as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are given in the Annexure forming part of this report.

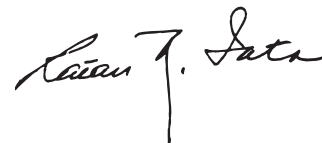
20. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

21. Concluding Remarks

Your Directors are sure that the shareholders would like to join them in conveying their appreciation to all employees of the Company for their sincere and dedicated services during 2007-08 without which such performance would not have been possible.

On behalf of the Board of Directors



(R. N. TATA)
Chairman

Mumbai, July 14, 2008

Tata Tea Limited

Annexure to the Directors' Report

Particulars of Conservation of energy, Technology absorption and Foreign exchange earnings and outgo in terms of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Directors) Rules, 1988 forming part of the Directors' Report for the year ended 31st March 2008

CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

- (i) In the Instant Tea operations use of firewood for boiler was maximized during the year which is cost effective and results in reduction in usage of fossil fuels.
- (ii) 24 nos turbine roof ventilators have been installed in Instant Tea factory for improving ventilation and to augment natural lighting.

(b) Additional Investments & Proposals:

In the Instant Tea factory a bio-gassification plant has been Installed recently at a cost of Rs.4.03 crores which would Substantially reduce use of fossil fuel.

(c) Impact of measures taken:

Maximising use of firewood in the boiler at Instant Tea operations led to a saving of Rs.140 lakhs approximately.

FORM A

	2007/08	2006/07
POWER & FUEL CONSUMPTION		
ELECTRICITY PURCHASED		
Units (lacs kwh)	99.02	286.33
Total amount (Rs/Lacs)	400.19	1372.35
Rate / Unit (Rs/kwh)	4.04	4.79
OWN GENERATION		
Units (lacs kwh)	11.67	112.00
Total amount (Rs/Lacs)	117.49	1289.19
Units/ltr of diesel	3.01	2.76
Rate / Unit (Rs/kwh)	10.07	11.51
COAL / LECO		
Quantity (Tonnes)	—	13735.89
Total Cost (Rs/Lacs)	—	409.48
Average Rate (Rs/Tonne)	—	2981.10
FURNACE OIL		
Quantity (kl)	1871.14	2554.53
Total Cost (Rs/Lacs)	350.79	285.31
Average Rate (Rs/kl)	18747.48	11168.77
FIREWOOD		
Quantity (Lac/Cu.Mt)	0.29	0.31
Total Cost (Rs/Lacs)	210.43	214.43
Average Rate (Rs/Cu.Mt.)	721.45	694.85
GAS		
Quantity (Lac/Cu.Mt)	—	87.58
Total Cost (Rs/Lacs)	—	541.50
Average Rate (Rs/Cu.Mt.)	—	6.18
CONSUMPTION PER UNIT OF PRODUCTION		
TEA		
Electricity (Units/Kg of Tea)	0.08	0.24
Furnace Oil (Ltrs/Kg of Tea)	—	0.04
Firewood/1000 kg of sifted tea	5.42	5.46
Coal (Kgs/Kg of Tea)	—	0.76
Gas (Cu.Mt./Kg of Tea)	—	0.42
INSTANT TEA		
Electricity (Units/Kg of Tea)	2.79	2.49
Furnace Oil (Ltrs/Kg of Tea)	1.04	0.88
Firewood (Cu.Mt's/Kg of Tea)	0.011	0.011

Note : Previous year's figures are not strictly comparable with figures reported for the current year due to the transfer of North India Plantation Division with effect from 1st April, 2007.

Tata Tea Limited

FORM B

1 Specific areas in which R&D is being carried out in the company

The R&D Programme at Bangalore is focused on new product and process development for tea and coffee; product safety and conformance to regulation and consumer expectations through the analysis of quality parameters in tea and packaging materials; and the provision of scientific and technical information to the commercial operations. R&D Bangalore also works in close collaboration with Tetley R&D, Greenford in the areas of product development, packaging materials, and the analytical support programme including analysis and analytical method development. This is being facilitated by a joint Head of R&D and Technical Innovation between R&D Bangalore and the Tetley Innovation Group, Greenford.

Developmental work involving the identification of new opportunities and the use of additional ingredients to supplement the health aspects of tea and similar herbal beverages through discussions and project work with worldwide suppliers was an on-going part of the programme this year.

There has been an increasingly regular research work with collaborators and sponsored analytical work in institutions like CFTRI, Shiva Analytical, SGS, TUV-SUD to supplement the analytical method development, routine analytical work and shelf life studies to support developmental activities in various stages. This is facilitating improved capabilities and helping to meet the commercial requirements related to product development.

2 Benefits derived as a result of R&D

Formulation for a green tea based jasmine flavoured tea has been developed after a consumer research to understand their preferences. The variant was launched under the 'Tetley' brand during the year, to add to the existing portfolio of flavoured green tea products.

A project undertaken for the development of process improvements for the production quality of Instant tea has been completed.

Further development work with natural flavours and extracts has been continued to extend the launch of 'Tata Tea Life'. The development programme this year has included more medium term projects which require a larger collaboration with outsourced food ingredient suppliers, engineers, Institutes and Research Associations.

Active involvement in further development of the Commercial innovation programme to provide the roadmap for the next generation of products, to support the growth agenda.

R&D collaborated with Tata Consulting Engineers (TCE) for the development of a Iron Filings Removal (IFR) machine at the Pullivasal Packeting Centre which is now complete with it's commissioning. The next generation machines with enhanced modifications are now planned for the rest of the Packeting centres.

Product conformance with PFA regulatory standards is ensured using protocols with statistically valid sampling plans to analyse samples of tea for conformance to quality specifications in blends covering all the brand variants from all the Packeting Centres in the country. The standards include the basic food norms such as the tea specifications, pesticide residue levels, heavy metal levels and caffeine levels in decaffeinated tea for export.

Quality conformance of products in relation to tea over its expected shelf life and the specifications of the packaging materials to ensure the expected shelf life has been studied. This has included the analysis of tea during its shelf life; the measurement of seal strength for laminates; the measurement of laminate material characteristics; and the determination of corrugated fibre-board carton (CFCs) function, all against the expected specifications and required performance.

Technical support has been provided to the Packaging Centre, Bangalore for the maintenance of the ISO and HACCP Standard certification for its continued operation at the expected quality level.

Development work has been carried out to provide the required information and data to the Tea Board and ITA concerning the new Specification of Instant Tea, Iron filings in tea and use of Nature Identical flavours in tea, which are being currently considered by the Regulatory Authorities and have been followed up regularly.

Trade support has continued for legislation review which has been much more active this year with the enactment of the Food Standards and Safety Act 2006 and the resulting review of the regulations. The requirements for tea and coffee are being reviewed in detail to ensure safety for consumers and the continued development of new products to meet all dietary, health and life enhancing needs. Active involvement with Industry groups has taken place to provide relevant information during the period of consultation for the implementation of the FSSA.

International issues relating to: the lack of uniformity of national pesticide regulations are being addressed through involvement with the FAO Inter Governmental Group (IGG) on Tea working group; the Tea Monograph published by Health Canada have been addressed through collaboration with the Tea Association of Canada; development of International Standards and methods of analysis have been addressed through participation in the ISO TC/34 SC/8 Tea committee work programme.

The Company's R&D Department at Bangalore is recognized by the Department of Scientific and Industrial Research (DSIR) under Ministry of Science & Technology.

3. Future Plan of Action

The major focus at R&D Bangalore will be the proactive participation in the Innovation agenda, development of new products and processes and a range of beverage developments, to keep in line with the rapidly changing global market. The main path for the future is to build on the healthy nature of tea and broaden the range products to meet the Company's global growth agenda. Other areas of importance are Infrastructure development including: manpower, the analytical facilities, and to build on the current Pilot plant facilities for product development.

More projects on New Product Development with a global focus will be undertaken along with independent R&D projects of commercial significance to fit into Company's strategic growth plan. Joint NPD and other projects, which would enable sharing of experience and technical knowledge, would be undertaken between R&D Bangalore and Tetley R&D at Greenford.

Active involvement in the development of the Commercial innovation programme to provide the roadmap for the next generation of products, to support the growth agenda is a focus area during the year.

Liasing with the Ministry of Food Processing Industries and Ministry of Health and Family Welfare and other regulatory bodies will be continued, to ensure consumer safety whilst evolving new industry friendly legislation and standards. Pending issues regarding new regulations such as NI flavours, Iron filings in Tea, Instant Tea specifications and Labeling regulations would be followed up with the authorities. The participation with other Companies to contribute to the development of the new Standards for implementation Food Safety & Standards Act with the authorities will be continued.

Active participation and efforts to define a IP Roadmap to safeguard Company's interest in developmental activities would be continued.

The participation in addressing international issues such as pesticide regulations, development of International standards and the development of regulatory standards on tea and health will also be part of the work programme.

Tata Tea Limited**4. Technology Absorption, Adaptation & Innovation**

- Development of Flavored green tea formulation
- The commissioning of the new system for removal of iron filings during production at the Pullivasal Packeting Centre.
- Collaborative work has been carried out with CFTRI, Mysore.

5. Expenditure on R & D

	Rs. Lakhs
Capital	99.17
Revenue	230.69
	<u>329.86</u>
R & D expenditure as percentage of turnover	0.29 %

6. Foreign Exchange Earnings and Outgo

	2007-08 Rs. Lakhs	2006-07 Rs. Lakhs
i) Value of imports –		
Raw Materials	2055.70	1617.82
Stores, spare parts & Packing Material	1481.09	1313.32
Capital Goods	13.43	10.13
ii) Expenditure in Foreign Currency –		
Selling expenses	246.03	223.96
Foreign travel	50.36	85.96
Other expenses	471.67	188.90
iii) Foreign Exchange Earned –		
FOB Value of exports	14447.79	16149.87
Technical Services fees	80.99	89.69
Dividends	5479.01	460.78
Interest from Investments	617.34	620.83
Other earnings	608.95	660.59

ANNEXURE TO THE DIRECTORS' REPORT.

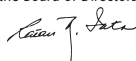
STATEMENT PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND THE COMPANIES (PARTICULARS OF EMPLOYEES), RULES, 1975.

Name	Age (Years)	Designation/ Nature of Duties	Remuneration (Rs. Lakhs)	Qualification	Experience (Years)	Date of Commencement of employment	Last employment held, Designation
Ahmed K L	59	General Manager & Head - Quality Management	26.47	BA(ECO)	40	01-May-1969	First employment
Bhatia K	34	Area Manager, U.A.E	33.93	B.Com	12	16-Aug-2006	Ashraf & Partners, Key Account Manager,
Bhatt J	41	Vice President	43.36	MMS (Mktg), BE (Degree in Electronics)	16	27-Jun-2006	Bennett, Coleman Co Ltd (The Times group); Asst VP
Dant P P	48	General Manager (Marketing & Sales - South)	33.89	B A (Econ), MMS (Mktg)	24	01-Jun-1983	TOMCO, Brand Exec., TAS
Dash S	35	Deputy General Manager (Marketing)	31.91	B.Sc, PGDBC	12	27-Nov-2000	Blackstone Market, Research Mgr
Desai K N	57	Vice President (Buying, Blending & Bulk Tea Sales)	49.45	B.Com(Hons)	36	01-Dec-1989	Carritt Moran Ltd, Sr Exec.
Deshmukh S	55	Vice President (Middle East)	75.36	B.Sc. (Hons - Maths), DBM	32	08-Sep-2001	Strategic Foods Int. Co, GM Sales & Mktg.
Ghurye A G	50	Deputy General Manager (West Zone) & Head Key Accounts	26.47	BSc, PGD in Bus. Mgmt	28	01-Jul-1987	Tomco, Salesman
Gohain U	46	Deputy General Manager (Tea Buying)	26.09	MA (Political Science)	23	09-Sep-1985	First employment
Hazarika Abhijeet	49	General Manager (Tea Buying)	35.23	BA (Hons - Eco), MA (Labour Welfare & Human Relations)	25	18-Dec-1991	Brook Bond India Ltd, Manager
Hazarika Asim	56	General Manager - Operations, Tetley Division	41.07	B.Sc (Engg)	33	01-Jan-1976	The Anglo American Direct Tea Trading Co. Ltd., Asst Manager
Jacob J *	46	Group Financial Controller	26.04	B.Sc, ACA	19	05-Aug-1994	A F Ferguson & Co., Bombay Asst Consultant
Kar R	44	General Manager - Corporate Finance	29.14	B.Com, CA	23	15-Nov-1991	Lovelock & Lewes
Krishnakumar L *	49	Group CFO - Tata Tea & Tetley	66.75	B.Com, C.A, Graduate CWA, A.C.S	26	14-Jul-2004	The Indian Hotels Co. Ltd, Senior Vice President - Fin
Mathai J	53	Chief Internal Auditor	48.93	B.Com (Hons), CA	24	03-Jan-2000	BOC India Limited, Sr Manager
Ms Madeka A	48	Vice President (Projects & Commercial)	38.02	B.Com, CA	24	06-Aug-2001	Haldia Reverside Estates Ltd & Haldia Infrastructure Ltd, as COO
Ms Talwar S	52	Whole-time Director	129.67	B A Economics(Hons) MBA (IIM Kolkata)	27	01-Jul-2004	Mattel Toys India Ltd, CEO
Poddar P *	53	Chief Executive Officer - Special Projects	28.90	B.Chem Engg-UDCT, Mumbai University and MBA (PGDM) - IIM, Ahmedabad	30	22-Jan-2007	Heinz India, Pvt Ltd, MD-South Asia
Raina U	49	Deputy General Manager - Marketing & AOR Coordinator	26.05	BSc	26	14-Oct-1982	First employment
Ravi S	51	General Manager - Instant Tea	32.81	B.Tech (Chemical Engineering)	28	02-Jun-1991	Brooke Bond India Ltd., Dy Manager
Roychaudhuri S K	51	Chief Information Officer	31.58	M.Tech. (Systems Engg & Management), B.Tech. (Mechanical)	24	31-Jul-2006	Wockhardt Ltd, Mumbai, GM - IT
Scott A *	53	Head, Research & Development	57.59	B.Sc. (Hons.), PhD	26	07-May-2007	Campden Food & Drink Research Association, Biochemistry Section Mgr
Sen D K	59	Vice President & Company Secretary	54.08	B.Com(Hons), ACA, ACS, DMA(ICA) Chartered Secretary London	37	22-May-1992	GWK Ltd, Secretary.
Ashok Namboodiri*	39	Vice President - Marketing	11.12	B.Tech (Electrical & Electronics) (Engg.), MBA	16	03-Jan-2008	Henkel Marketing India Ltd, Country Manager - Schwarzkopf Professional
Sen A	48	Deputy General Manager & National Business Head - Chai Bar	24.28	Diploma in Hotel Management, Catering Technology & Applied Nutrition	24	31-Aug-2006	B&M Hot Breads Pvt Ltd, Chief of Operations
Sen A R	47	General Manager - Business Finance	28.93	B.Com, CA	21	02-Feb-1987	First employment
Sengupta A	48	Vice President, HR	48.70	BSc (Hons-Maths), MBA-HRM, Dip in Labour Laws & Labour Welfare	26	07-Dec-2005	Cadila Healthcare Ltd, Ahmedabad, VP (HR)
Siganporia P T	57	Managing Director	167.92	BSc, PGDBM	34	01-Jun-1974	Tata Service Ltd, TAS Officer
Sikand R	41	Deputy General Manager (Tea Buying)	24.20	BA (Hons)	19	18-Nov-1989	First employment
Swaminathan S	61	Director Special Projects	72.76	B A .PGD in Mktg & Sales Mgmt	44	01-Jun-1992	Indian Airlines, Comm Mgr
Tandon A	52	General Manager & Head (Supply Chain Management)	48.43	B.Com	28	07-Mar-1980	First employment
Thomas T K	44	Deputy General Manager & Head of Business Excellence	26.13	BA(Hons - ECO), PG Diploma (Rural Mgmt)	21	14-Sep-1990	Pradan, Gujarat / New Delhi, Executive
Venkataramanan K	47	Vice President - Finance	45.88	B.Com, CA, ICWA	22	06-Jun-1990	TOMCO, Ernakulam, Accounts Officer
Vyas S	45	General Manager - Sales	33.68	BSc, ECO Admn & Fin Mgmt, MBA-Mktg	19	23-Feb-1989	First employment

Note :

- The above remuneration includes salaries, bonus, commission, contribution to Provident Fund and Superannuation Fund where ever applicable and perquisite valued in accordance with the Income Tax Rules, 1962. The Company has contributed to the Gratuity Fund an appropriate amount based on actuarial valuation. As no separate figures are available for individual employees, this amount has not been included in remuneration.
- Commission to Directors are considered on the basis of actual payment.
- All the employees have adequate experience to discharge the responsibilities assigned to them.
- The nature of employment in all cases is contractual.
- * Against a name indicates that the employee was in service only for a part of the year.

On behalf of the Board of Directors


(R N TATA)
Chairman

Mumbai
Dated : July 14, 2008

Tata Tea Limited

REPORT ON CORPORATE GOVERNANCE FOR 2007-08**1. Company's Philosophy on Code of Governance**

The corporate governance philosophy of your Company is to ensure transparency in all dealings and in the functioning of the management and the Board. These policies seek to focus on enhancement of long-term shareholder value without compromising on integrity, social obligations and regulatory compliances. The Company operates within accepted standards of propriety, fair play and justice and aims at creating a culture of openness in relationships between itself and its stake-holders. It has set up a system which enables all its employees to voice their concerns openly and without any fear or inhibition. The corporate governance philosophy of the Company has been further strengthened through the Tata Code of Conduct, Tata Business Excellence Model, Tata Code for Prevention of Insider Trading and Code of Corporate Disclosure policies.

As a global player the corporate governance practices followed by your company are compatible with international standards and best practices. As a responsible corporate citizen, your Company had established systems to encourage and recognize employee participation and volunteering in environmental and social initiatives that contribute to organizational sustainability, systematic training, learning and personal growth, conservation of energy and other scarce resources, promoting safety and health of its employees and of the neighbouring community, conservation of wildlife in and around the estates etc. These actions have become integral part of your company's operating plans and are not meant for building of image or publicity.

The Company is in compliance with the mandatory provisions of Clause 49 of the Listing agreement with the Stock Exchanges.

2. Board of Directors

As on 31st March, 2008 the Company had 11 directors and the composition of the Board of Directors is given in the table below. The Chairman of the Board is a non-executive director and 82% of the Board comprises of non-executive directors. 36% of the Board comprises of non-executive independent directors.

Composition & Category of Directors, Attendance of each Director at the Board Meetings and the last AGM, Number of other Boards or Board Committees in which he/she is a Member or Chairperson, Number of Board Meetings held, dates on which held

Composition of Board of Directors as on 31st March, 2008

Category	Number of Directors	Percentage
Non independent directors	4	36.36
Managing & Executive directors	2	18.18
Non-Executive Independent directors	4	36.36
Other non-executive director	1	9.10
	11	100.00

Details of attendance of Directors at Board Meetings and at the last Annual General Meeting with particulars of their other Directorships and Chairman/Membership of Board Committees (excluding Tata Tea Ltd) showing the position as on 31st March, 2008 are given in the following table:

Name of Director	Position	Attendance at		Directorships and Chairman/ Membership of Board Committees in other companies		
		Board Meetings	Last AGM	Director	Committee Member	Committee Chairman
Mr. R. N. Tata	C,NED & NI	7	Yes	13	—	—
Mr. R. K. Krishna Kumar	VC, NED & NI	8	Yes	11	1	1
Mr. Y. H. Malegam	NED & I	7	Yes	9	3	3
Mr. D. B. Engineer	NED & I	6	No	10	4	2
Mr. U. M. Rao	NED & I	8	Yes	2	1	1
Dr. Amrita H Patel	NED & I	5	Yes	5	-	—
Mr. F. K. Kavarana	NED& NI	7	Yes	10	2	4
Mr. A R Gandhi (from 1.6.2007)	NED & NI	6	Yes	8	2	—
Mr. P.D. Unsworth (from 1.3.2008)	NED	4*	NA	—	—	—
Mr. P. T. Siganporia	MD	8	Yes	3	—	—
Ms S Talwar	ED	7	Yes	1	—	—
Mr. K. Pringle (upto 29.2.2008)	NED	3	Yes	—	—	—

* attendance as Alternate director

C : Chairman; VC : Vice Chairman; NI : Non Independent; NED : Non-Executive Director; I : Independent Director; MD: Managing Director; ED : Executive Director ;

Other Directorships do not include Alternate Directorships, Directorships of private limited companies and of companies incorporated outside India.

Other than the Managing and Wholtime Directors all Directors are liable to retire by rotation.

Minutes of the meetings of all the Board Committees are circulated to all the Directors.

Particulars about a Director proposed for re-appointment as well as the Directors who are retiring by rotation and eligible for reappointment have been given in the attachment to the Notice and Explanatory Statement.

With effect from 1st March, 2008 Mr. K.Pringle has resigned from the Board and Mr. P. D.Unsworth has been appointed as an additional non- Executive Director from 1st March, 2008 . Mr. Unsworth was hitherto Alternate Director to Mr. Pringle.

The company has received declarations on six criteria of independence as prescribed in clause 49.IA (iii) of the Listing Agreement from the directors of the company who have been classified as Independent directors.

No director of the Company is related to any other director of the Company.

B. Non-executive directors' compensation and disclosures

The non-executive directors including Independent directors are paid Sitting fees for attending the meetings of the Board and committees of the Board. Currently a fee of Rs.10,000 per meeting per director is paid for attending meetings of the Board, Audit and Executive committees. For meetings of all other committees of the Board a Sitting fee of Rs.5,000 per meeting is paid. Within the ceiling of 1% of net profits of the company computed under the applicable provisions of the Companies Act, 1956 the non executive directors including Independent directors are also paid a commission the amount whereof is determined by the Board. The basis of determining the specific amount of commission payable to a non-executive director is related to his attendance at meetings, contribution at meetings as perceived by the Chairman/Vice Chairman and the extent of consultations with the director outside the meetings. The shareholders of the company had approved payment of commission to the non-executive directors at the Annual General Meeting held on 8th September 2003 which is valid up to the financial year ending 31st March 2009. No Stock option has been granted to the non-executive directors.

Tata Tea Limited**C. Other provisions as to Board and Committees**

During 2007-08, the Board met eight times on 9th April, 2007, 25th May, 2007, 1st June, 2007, 17th July, 2007, 10th August, 2007, 4th September, 2007, 29th October, 2007 and 28th January, 2008. The maximum time gap between two board meetings was less than four months. As will be noted from the table given above no director is member of more than 10 board committees or chairman of more than 5 board committees across all companies where he/she is a director.

Chairmanship/Membership of Board Committees includes membership of Audit and Investors'/ Shareholders' Grievance Committees of Indian public limited companies only as clarified by SEBI.

The Board has reviewed compliance by the company with all applicable laws and steps taken by the company to rectify instances of non-compliances. Where permitted, rectification of instances of non-compliance is being carried out in a phased manner keeping in view the cost implications.

D. Code of Conduct

Tata Code of Conduct is a comprehensive written code which is applicable to all employees including the Managing and Executive Directors. A condensed code of conduct applicable to the non-executive directors was laid down by the Board. Both the Tata Code of Conduct and the Code of Conduct for non-executive directors have been posted on the website of the company.

In respect of financial year 2007-08 all Board members and Senior Management personnel of the company have affirmed compliance with the code as applicable to them.

3. Audit Committee**i. Brief description of the terms of reference**

A qualified and independent audit committee has been set up by the Board in compliance with the requirements of Clause 49 of the Listing Agreement with Stock Exchanges read with Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee include:

- a. Review of the quarterly and half yearly financial results with the management and the statutory auditors;
- b. Review with the management and statutory auditors of the annual financial statements before submission to the Board;
- c. Review with the management, statutory auditors and the internal auditors about the nature and scope of audits and of the adequacy of internal control systems;
- d. Consideration of the reports of the internal auditors and discussion about their findings with the management and suggesting corrective actions wherever necessary;
- e. Review of the financial reporting process and disclosure of financial information;
- f. Review of the adequacy of the internal audit function;
- g. Look into the reasons for any substantial defaults in payment to the depositors, debenture-holders, shareholders (in case of non-payment of declared dividend) and creditors, if any;
- h. Recommending the appointment and removal of External Auditors, fixation of audit fee and approval for payment for any other services;
- i. Authority to investigate into any matter covered by section 292A of the Companies Act, 1956;
- j. Reviewing the company's financial and risk management policies.

ii. Composition, names of members and Chairperson

All the members of the Audit Committee are Non-Executive Directors and two of them including the Chairman are Independent Directors. All the members of the Audit committee are financially literate as defined in clause 49.II.(A).(ii) of the Listing agreement. Mr. Y. H. Malegam, the Chairman of the Committee, has expert knowledge of finance and accounting and was present at the last Annual General Meeting of

the Company held on 10th August 2007. The composition of the Committee as on 31st March, 2008 and particulars of attendance by the members is given in the table below

Name	Category	No of meetings during 2007-08	
		Held	Attended
Mr. Y H Malegam	Independent, Non-Executive	7	7
Mr. R K Krishna Kumar	Non-independent, Non-Executive	7	4
Mr. U M Rao	Independent, Non-Executive	7	7

iii. Meetings and attendance during the year

During 2007-08, seven Audit Committee meetings were held on 30th May, 2007, 16th July, 2007, 30th August, 2007, 26th October, 2007, 24th January, 2008, 20th February, 2008 and 7th March 2008. The Committee Meetings are attended by invitation by the Managing Director, Executive Director, Group Chief Finance Officer, Vice President-Finance, Chief Internal Auditor, Chief Operating Officer of the Tetley Group, the Statutory Auditors and the Management Auditors. The Company Secretary acts as the Secretary of the Audit Committee.

4. Remuneration Committee

i. Brief description of terms of reference

The Board has set up a Remuneration/ESOS Compensation committee. This Committee is responsible for recommending to the Board, the remuneration package of Managing and Whole-time Directors including their annual increment and commission after reviewing their performance.

ii. Composition, name of members and Chairperson

The Remuneration/ESOS Compensation Committee consists of 3 non-executive Directors with Mr. D. B. Engineer as Chairman and Mr. R. K. Krishna Kumar and Mr. U.M.Rao as members.

iii. Attendance during the year

The Remuneration Committee met once during 2007-08 on 31st May 2007 which was attended by all the members

iv. Remuneration policy

The remuneration policy followed by the Company takes into consideration performance of the company during the year and of the Managing and Whole-time Directors on certain parameters, such as condition of the industry, achievement of budgeted targets, growth & diversification, remuneration in other companies of comparable size and complexity, performance of the directors at meetings of the Board and of the Board committees etc.

v. Details of remuneration to all the directors

	Mr. P T Siganporia Rs. Lakhs	Ms S Talwar Rs Lakhs
Salary	37.20	30.00
Allowances & Perquisites	41.02	31.79
Contribution to Retiral Funds	13.14	10.60
Commission (relating to 2006-07)	80.00	60.00
Stock option	—	—
No of Shares held	264	500
Service Contract	5 years from 1 st July 2004	5 years from 1 st July 2004
Notice period	6 months	3 months

Mr. V Venkiteswaran who retired as Executive Director effective from 1st January 2007 was paid during 2007-08 a commission of Rs.45 lakhs in respect of 2006-07.

Tata Tea Limited

Non-Executive Directors' Remuneration paid in 2007-08

	Commission Rs Lakhs (Relating to 2006-07)	Sitting Fees Rs. Lakhs	No of Shares held as on 31.3.2008
Mr. R.N.Tata	23.00	0.80	2,040
Mr.R.K.Krishna Kumar	22.00	1.45	9,000
Mr. Y.H.Malegam	14.00	1.50	3,196
Mr. D.B. Engineer	6.00	1.15	—
Mr. U.M.Rao	11.00	2.25	—
Mr. F.K.Kavarana	5.00	1.20	—
Dr. Amrita H. Patel	—	—	1,264
Mr. A R Gandhi (appointed on 1.6.2007)	—	0.60	—
Mr. P.D. Unsworth (appointed on 1.3.2008)	—	0.40	—
Mr. K. Pringle (upto 29.2.2008)	4.00	0.30	—
Mr. N.A.Soonawala (upto 29.3.07)	13.00	—	—

- Notes : 1. The resolutions appointing these directors do not provide for payment of severance fees.
2. The above excludes Rs.15.93 lakhs being post-retirement pension benefit paid to a former Managing Director.

5. Shareholders/Investors' Grievance Committee
i. Name of the Non-Executive Director heading the Committee

The Board has constituted a Shareholders/Investors Grievance Committee with Mr. F. K. Kavarana as the Chairman of the committee and Mr. D.B. Engineer and Mr. U.M.Rao as members of the committee. The Committee has held three meetings during 2007-08 on 17th July, 2007, 4th September, 2007 and 28th January, 2008. The representatives of the Registrars are generally present in these meetings . The Committee oversees the performance of the Registrar and Share Transfer Agent and recommends measures for overall improvement of the quality of investor services. To expedite the process of share transfers the Board has delegated the power of share transfer to the Registrars and share transfer agent and share transfer formalities are approved by them on a fortnightly basis. The composition of the committee and details of attendance by its members is given below

Name	Category	No of meetings during 2007-08	
		Held	Attended
Mr. F K Kavarana	Non-independent, Non-Executive	3	3
Mr. D B Engineer	Independent, Non-Executive	3	3
Mr. U M Rao	Independent, Non-Executive	3	3

ii. Name and designation of Compliance Officer

Mr. D. K. Sen, Vice President & Secretary is the Compliance Officer.

iii. Number of shareholders' complaints received so far, Number not solved to the satisfaction of shareholders and Number of pending complaints

Given below is the position of queries/complaints and other correspondences received and attended to during 2007-08 in respect of equity shares and fixed deposits:-

	Equity Shares	Fixed Deposits
For non-receipt of dividend/interest, shares lodged for transfer, Deposit receipt, repayment cheques	3,305	Nil
Queries/Complaints redressed	3,305	NA
Pending queries as on 31.3.2008	Nil	Nil
Other Letters received from shareholders and Depositors and replied	3,098	Nil

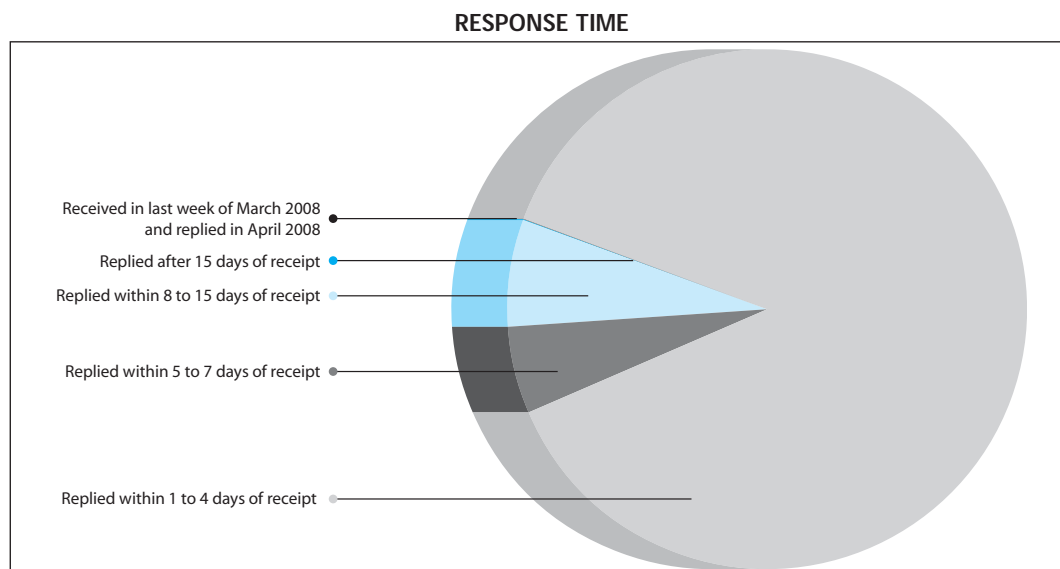
During 2007-08 the company/Registrars had received 7 complaints from the shareholders all of which have been resolved.

Every letter received from the investors is replied and the response time for shareholders' correspondences during 2007-08 is shown in the following table :

	Number	%
Total number of correspondences received during 2007-08	6,403	100.00
Replied within 1 to 4 days of receipt	5,625	87.85
Replied within 5 to 7 days of receipt	347	5.42
Replied within 8 to 15 days of receipt	426	6.65
Replied after 15 days of receipt*	4	0.06
Received in last week of March 2008 and replied in April 2008	1	0.02

* These correspondences involved issues requiring investigation or information to be obtained from banks or others and hence took longer time to deal with.

Promptness in attending to correspondences of shareholders is shown in the following chart



Tata Tea Limited

The shares of the Company are traded in dematerialised form. A table showing the requests received for dematerialisation/transfer during 2007-08 is given below:

	Transfers	Transfers	Demats	Demats
	No. of requests	No of shares	No of requests	No of shares
Lodged	953	1,24,777	2,027	32,23,202
Processed	714	88,638	1,769	31,68,259
Objections	229	35,719	242	53,088
Pending as on 31-3-2008*	10	420	16	1,855

* These transfers and Demat requests were lodged in the last week of March 2008 and were processed in April, 2008

Note: 95.20% of the issued share capital of the company is held in dematerialized form as on 31.3.2008

6. Other Board Committees

At its meeting held on 30th January, 2006 the Board had constituted following other Board committees besides the three committees mentioned above

Name of Committee	Members	Terms of reference
Executive Committee	Mr R N Tata-Chairman Mr R K Krishna Kumar Mr U M Rao Mr P T Siganporia Mr K Pringle@ Ms S Talwar Mr L Krishnakumar-Group CFO	Business and strategy review, long term financial projections and cash flows, capital/revenue budgets and capital expenditure programmes, acquisition/ divestment and business restructuring proposals, senior management succession planning and any other item that the Board may decide to delegate
Nomination Committee	Mr R N Tata-Chairman Mr R K Krishna Kumar Mr Y H Malegam Mr F K Kavarana	To identify independent directors to be inducted into the Board from time to time and take steps to refresh the composition of the Board from time to time.
Ethics and Compliance committee	Mr F K Kavarana-Chairman Mr P T Siganporia	To look into the requirements under Insider Trading Regulations including the Group guidelines on Insider Trading and Tata Code of Conduct
Corporate Sustainability Reporting committee	Mr U M Rao-Chairman Mr P T Siganporia Mr P C Tyagi- Expert member (Not a Board member)	To monitor and provide guidance on company's policies on environment management, social responsibilities, health & safety, product stewardship, community development, principles of managing branded operations, etc. The Committee will also provide guidance on welfare activities in and around Munnar.

@upto 29.2.2008

During 2007-08 one meeting each of the Executive Committee and Ethics & Compliance committee and three meetings of the CSR committee were held. No meeting of the Nomination Committee was held during 2007-08.

7. General Body Meetings

- i. **Location and time, where last three AGMs held, Whether any special resolutions passed in the previous 3 AGMs**

The last three Annual General Meetings of the Company were held as under :-

Year	Location	Date	Time	No. of Special Resolutions approved at the AGM
2004-05	Oberoï Grand 15 Jawaharlal Nehru Road, Kolkata 700 013	9 th August 2005	10.30 a.m.	2
2005-06	Same as above	8 th August 2006	10.30 a.m.	Nil
2006-07	Same as above	10 th August 2007	10.30 a.m.	Nil

A Court convened meeting of the shareholders of the Company was held on 5th April 2007 at 10.30 a.m. at Calcutta under the Chairmanship of High Court appointed Chairman in terms of the Order dated 27th February 2007 of the Honourable High Court at Calcutta for obtaining approval of the Members to the Scheme of Reconstruction of North India Plantation Division of the Company which was duly granted by the Members.

- ii. **Whether any special resolution passed last year through postal ballot – details of voting pattern**

During 2007-08 no special resolution was approved by the shareholders through Postal Ballot.

- iii. **Person who conducted the postal ballot exercise**

Not applicable

- iv. **Whether any special resolution is proposed to be conducted through postal ballot**

At present there is no such proposal.

- v. **Procedure for postal ballot**

The Postal Ballot is carried out following the procedure set out in section 192A of the Companies Act, 1956 read with the Companies (The Passing of the Resolutions by Postal Ballot) Rules, 2001.

8. Disclosures

- i. **Disclosures on materially significant related party transactions that may have potential conflict with the interest of company at large**

Details of transactions of a material nature with any of the related parties as specified in Accounting Standard 18 of the Companies (Accounting Standards) Rules, 2006 have been reported in the Notes to the Accounts. There was no transaction of a material nature with any of the related parties which was in conflict with the interest of the company.

- ii. **Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during the last three years.**

There was no such instance in the last three years

- iii. **Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.**

The Board has approved a whistle blower policy which has been communicated to the employees. The policy provides a mechanism for employees to report their concerns about unethical behaviour, actual

Tata Tea Limited

or suspected fraud or violation of company's code of conduct and provides safeguards against victimization of employees who avail the mechanism. The policy permits reporting any concern relating to (i) financial/accounting matters and (ii) employees at the levels of Vice Presidents and above as also the Ethics counsellors directly to the Chairman of the Audit committee. For all other matters the concern can be reported to the Ethics counsellor of the company. The policy with the name and address of Chairman of Audit committee has been circulated to the employees. No employee has been denied access to the Chairman of Audit committee.

iv. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The company is compliant with mandatory requirements of clause 49 of the Listing agreement. As far as the seven non-mandatory requirements are concerned the Board has (i) set up a Remuneration committee and (ii) arranged to forward the half-yearly results to the shareholders. There is no audit qualification in respect of the financial statements of the company. The Board has also adopted a whistle blower policy which enables the employees to report concerns about unethical behaviour, actual or suspected fraud or violation of company's code of conduct. The policy provides direct access to the Chairman of the Audit committee under certain circumstances. The policy has been communicated to the employees. Remaining non-mandatory requirements of clause 49 are expected to be addressed in due course.

9. Means of Communication

i. Quarterly results

Half yearly results for the half-year ended 30th September, 2007 were sent by post to the shareholders in early-November, 2007.

ii. Newspapers wherein results normally published

The quarterly results are generally published in The Statesman, The Indian Express, The New Indian Express, Business Standard, The Hindu Business Line and Pratidin (Bengali).

iii. Any website, where displayed

The quarterly results of the Company are put on the web site of the Company after these are submitted to the Stock Exchanges. Our web site address is **www.tatatea.com**

iv. Whether it also displays official news releases

Yes

v. The presentations made to institutional investors or to the analysts

The company made a presentation to financial analysts on 1st June, 2007 after the results of the financial year 2006-07 were approved by the Board. Similar presentations were made to the analysts on 29th October, 2007 after the financial results for the six months ended 30th September, 2007 were approved by the Board.

10. General Shareholders information

i. AGM – Date, time and venue, Financial year, Date of Book Closure, Dividend payment date

Annual General Meeting:	Friday, 22 nd August, 2008 at 10.30 a.m. The Oberoi Grand 15 Jawaharlal Nehru Road Kolkata – 700 013
-------------------------	--

Financial Calendar: (tentative)	Board Meetings for approval of: Annual Accounts 2007-08	- 30 th May, 2008
	Financial results for 1 st Quarter 2008-09	- Last week of July 2008
	Financial results for 2 nd Quarter 2008-09	- Last week of October, 2008
	Financial results for 3 rd Quarter 2008-09	- Last week of January, 2009
	Annual Accounts 2008-09	- Last week of June, 2009
Book Closure Period	5 th August, 2008 to 22 nd August, 2008 (Both days inclusive)	
Dividend payment date	25 th August, 2008	

ii. Listing on Stock Exchanges & Stock code

Listing on Stock

Exchanges:

a. Equity Shares

- i) The Calcutta Stock Exchange Association Ltd.
7, Lyons Range, Kolkata – 700 001
- ii) Bombay Stock Exchange Ltd
Phiroze Jeejeebhoy Towers, Dalal Street,
Mumbai – 400 001
- iii) National Stock Exchange of India Ltd.
Exchange Plaza,
Plot No. C/1, G Block
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
- iv) Gauhati Stock Exchange Ltd.
Saraf Building Annexe, A. T. Road
Guwahati – 781 101

b. Global Depositary Shares Stock Code

- Luxembourg Stock Exchange
London Stock Exchange
Calcutta Stock Exchange - 27 (Physical);
- 10000027 (Demat)
- Bombay Stock Exchange - 500800
National Stock Exchange - 'TATATEA'
Guwahati Stock Exchange - L-784

Demat ISIN Numbers

National Securities Depository Ltd. –
INE 192A01017

Central Depository Services Ltd. –
INE 192A01017

Listing Fees

Annual listing fees for 2007-08 have been paid to all the Stock Exchanges where the securities of the Company are listed

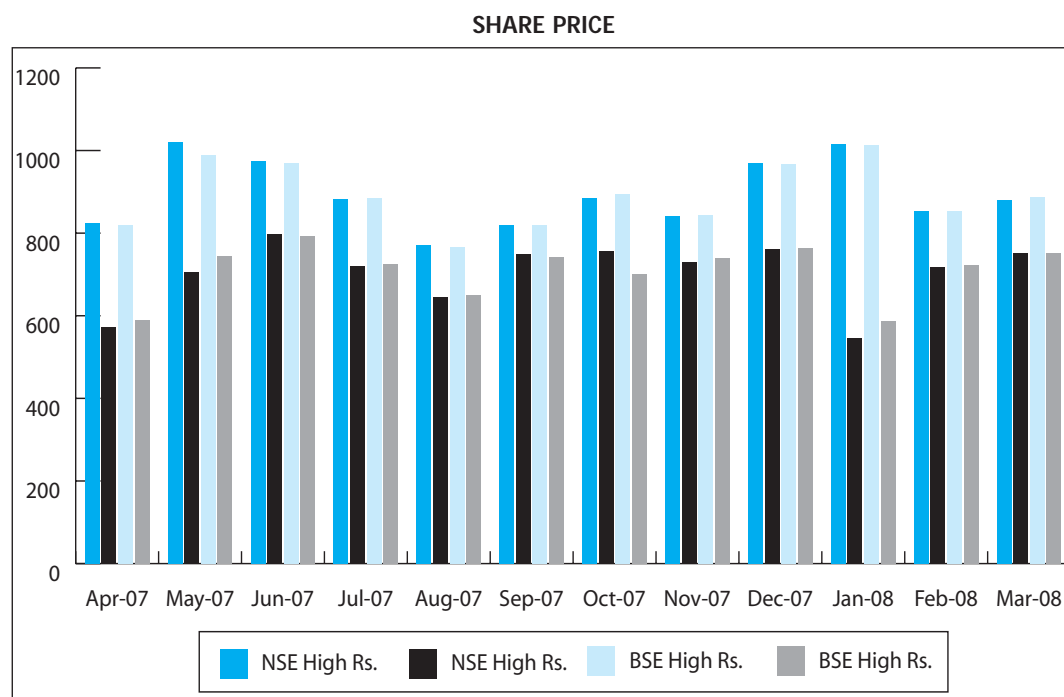
Tata Tea Limited
iii. Market price data – High, low during each month in the last financial year

MONTH	NSE		BSE		CSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.	High Rs.	Low Rs.
April,2007	825.00	573.00	819.90	590.00	—	—
May,2007	1021.50	705.30	990.00	745.00	—	—
June,2007	974.90	798.20	970.00	794.00	—	—
July,2007	882.00	721.00	884.00	725.00	—	—
August,2007	771.00	644.10	767.00	650.55	—	—
September,2007	819.00	750.00	819.85	741.10	—	—
October,2007	885.50	756.30	895.00	701.00	—	—
November,2007	842.00	730.10	843.00	740.00	—	—
December,2007	969.00	761.25	967.00	765.00	—	—
January,2008	1014.90	545.00	1014.00	586.10	—	—
February,2008	853.90	718.50	852.50	723.00	—	—
March,2008	880.00	752.00	888.20	751.05	—	—

NSE: National Stock Exchange of India Ltd; BSE: Bombay Stock Exchange Ltd; CSE: The Calcutta Stock Exchange Association Ltd;

During 2007-08 there was no trading in the shares of the Company in The Calcutta Stock Exchange Association Ltd.

The market price data is graphically represented below:



iv. Performance in comparison to broad-based indices

	NSE	BSE	CSE
Company's Share Price			No trading
- As on 2nd April, 2007	600.00	601.00	
- As on 31 st March 2008	826.75	824.35	
- Change	37.79%	37.16%	
Indices	S & P CNX NIFTY	BSE 100	CSE 40
- As on 2nd April, 2007	3820.00	6464.11	5636.40
- As on 31 st March 2008	4734.50	8232.82	7977.37
- Change	23.94%	27.36%	41.53%

v. Registrar & Transfer Agent :

TSR Darashaw Ltd.

(Formerly Tata Share Registry Ltd.)

6-10 Haji Moosa Patrawala Ind. Estate

20 Dr. E Moses Road, Mahalaxmi

Mumbai 400011

Telephone : 022-66568484

Fax : 022-66568494

Website : www.tsrdarashaw.com

E-mail : csg-unit@tsrdarashaw.com

And Branch Offices at :

1. TSR Darashaw Ltd.
503, Barton Centre, 5th Floor
84, Mahatma Gandhi Road
Bangalore – 560 001
Tel : 080-25320321
Fax: 080-25580019
E-mail: tsrdlbg@tsrdarashaw.com

3. TSR Darashaw Ltd.
Tata Centre, 1st Floor
43 J L Nehru Road
Kolkata – 700 071
Tel: 033-22883087
Fax: 033-22883062
E-mail: tsrdlcal@tsrdarashaw.com

2. TSR Darashaw Ltd.
Bungalow No. 1
'E' Road, Northern Town, Bistupur
Jamshedpur – 831 001
Tel: 0657-2426616
Fax: 0657-2426937
E-mail: tsrdljsr@tsrdarashaw.com

4. TSR Darashaw Ltd.
2/42 Sant Vihar
Ansari Road, Daryaganj
New Delhi – 110 002
Tel: 011-23271805
Fax: 011-23271802
E-mail: tsrdldel@tsrdarashaw.com

Agent of the Registrar
Shah Consultancy Services Limited
3, Sumathinath Complex,
Pritam Nagar, Akhada Road, Ellisbridge,
Ahmedabad 380006
Telefax : 079-26576038
E-mail: shahconsultancy@hotmail.com

The Registrars can be contacted between 10 a.m. and 3.30 p.m. on any working day (Monday to Friday, excluding bank holidays)

Tata Tea Limited

Shareholders' Relation Cell

: Mr. D. K. Sen, Vice President & Secretary
 Mr. D. Ghosh, Joint Secretary
 Tata Tea Ltd.
 1, Bishop Lefroy Road
 Kolkata – 700 020
 Tel: 22813709/3779/3891/3988
 Fax: 22811199
 Website: www.tatatea.com
 E-mail : dilip.sen@tatatea.co.in
 dhananjoy.ghosh@tatatea.co.in

vi. Share Transfer System

Shares in the physical form for transfer, should be lodged with the office of the Company's Registrar & Share Transfer Agent, TSR Darashaw Ltd. (formerly Tata Share Registry Ltd.), Mumbai or at their branch offices at the addresses given above or at the registered office of the Company. The transfers are processed if technically found to be in order and complete in all respects. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form.

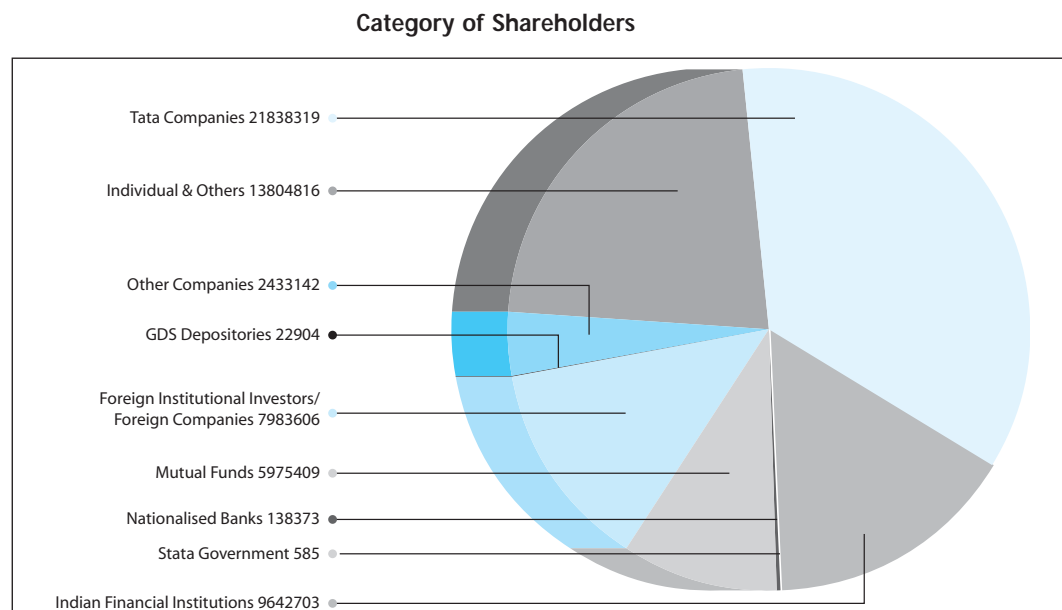
vii. Distribution of Shareholding**DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2008**

No. of Shares	Holding	Amount Rs.	% to Capital	No. of Holders	% to Total Holders
1 to 500	58,53,393	5,85,33,930	9.47	68,139	91.71
501 to 1000	24,44,427	2,44,44,270	3.95	3,387	4.56
1001 to 2000	24,10,175	2,41,01,750	3.90	1,722	2.32
2001 to 3000	10,50,738	1,05,07,380	1.70	433	0.58
3001 to 4000	6,95,136	69,51,360	1.12	203	0.27
4001 to 5000	4,32,618	43,26,180	0.70	95	0.13
5001 to 10000	9,23,840	92,38,400	1.49	135	0.18
Greater than 10000	4,80,29,530	48,02,95,300	77.67	185	0.25
Total	6,18,39,857	61,83,98,570	100.00	74,299	100.00

CATEGORIES OF SHAREHOLDERS AS ON 31ST MARCH, 2008

Sr. No.	Particulars	No. of Holders	Holding/ Shares held	% to Capital
1	Tata Group Companies	9	2,18,38,319	35.31
2	Indian Financial Institutions	28	96,42,703	15.59
3	State Government	1	585	—
4	Nationalised Banks	25	1,38,373	0.23
5	Mutual Funds	55	59,75,409	9.66
6	Foreign Institutional Investors / Foreign Companies	102	79,83,606	12.91
7	GDS Depositories	1	22,904	0.04
8	Other Companies	1,717	24,33,142	3.94
9	Individuals & Others	72,361	1,38,04,816	22.32
	Total	74,299	6,18,39,857	100.00

The category-wise shareholding is also shown in the chart below:



viii. Dematerialization of Shares & liquidity

The process of conversion of shares from physical form to electronic form is known as dematerialization. For dematerializing the shares the shareholders should open a demat account with the Depository Participant (DP). The shareholder is required to fill in a Demat Request Form and submit the same along with the original share certificates to his DP. The DP will allocate a demat request no. and shall forward the request physically and electronically through NSDL/CDSL to Registrar & Transfer Agent. On receipt of the demat request both physically and electronically and after verification, the shares are dematerialized and an electronic credit of the shares is given in the account of the shareholder.

ix. Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity

As on 31st March, 2008, the outstanding Global Depository Shares were 22,904. The GDSs are convertible into fully paid equity shares on 1:1 basis. The underlying shares against the outstanding GDSs have been allotted in the name of the Depository. There is no ADR or convertible instrument outstanding as on 31st March, 2008. 28,10,000 warrants allotted on 20th November, 2006 in favour of Tata Sons Ltd which are convertible into equity shares in the ratio of one equity share for every warrant were converted into 28,10,000 equity shares of Rs.10 each at a premium of Rs.716.45 per share on 2nd May, 2007.

- x. **Plant locations** **Perikanal Estate, PO Munnar, Dist. Idukki, Kerala 685612 and
Pullivasal Estate, PO Munnar, Dist. Idukki, Kerala 685612**

- xi. **Address for correspondence** Given against 10.v above

11. The Investors Education and Protection Fund

The shareholders and other stakeholders are hereby informed that pursuant to the provisions of section 205A(5) of the Companies Act, 1956 all dividends remaining unpaid/unclaimed for a period of seven years from the date they became due for payment will have to be transferred to the Investors Education and

Tata Tea Limited

Protection Fund(IEPF) set up by the Central Government. Following table gives information relating to outstanding dividend accounts and the dates when due for transfer to IEPF:

Financial year ended	Date of payment of dividend	Unpaid dividend To be claimed by	Transfer to IEP Fund in
31 st March 2001	28.9.2001	September 2008	October 2008
31 st March 2002	14.6.2002	June 2009	July 2009
31 st March 2003	10.9.2003	September 2010	October 2010
31 st March 2004	10.9.2004	September 2011	October 2011
31 st March 2005	11.8.2005	August 2012	September 2012
31 st March 2006	11.8.2006	August 2013	September 2013
31 st March 2007	13.8.2007	August 2014	September 2014

Following are the details of unpaid dividend, interest on deposits and repayment of deposits which will be due for transfer to IEPF upto 31st March, 2009

Nature of payment	Date of payment	Unpaid dividend to be claimed by	Transfer to IEP Fund in
Dividend	28.9.2001	September 2008	October 2008
Interest on Fixed deposits	1.4.2001 to 31.3. 2002	7 years from respective payment dates	7 years and 1 month from respective payment dates
Fixed deposits – Principal amount & Interest on maturity	Respective maturity dates	7 years from respective maturity dates	7 years and 1 month from respective maturity dates

While the Registrar of the company has already written to the shareholders and depositors informing them about the due dates of transfer to IEPF for these payments, **attention of the stakeholders is again drawn to this matter through the Annual Report. It may please be noted that once the unpaid amounts are transferred to IEPF no claims shall lie against the company or the IEPF in respect of any amounts which were unclaimed or unpaid.**

12. Auditors' certificate on corporate governance

As required under clause 49 of the Listing Agreement, the Auditors' certificate on Compliance with the corporate governance norms is attached.

13. Insider Trading Regulations

After the Securities and Exchange Board of India had amended the Insider Trading Regulations in February 2002, the Tata Group has brought out the Tata Code of Conduct for Prevention of Insider Trading and Code of Corporate Disclosure practices which your company has adopted. Mr. K. Venkataramanan , Vice-President – Finance of the company, is the compliance officer for the purpose of these regulations.

14. Shareholders' Feedback Survey

In November 2007 the Company had carried out a Shareholders' Feedback Survey by sending out a short questionnaire to all the shareholders of the Company and requesting feedback from them on various aspects of services rendered to the shareholders by the Company and its Registrars. The responses received from shareholders represented about 2% of the total number of shareholders of the Company. The objectives of such an exercise is to strengthen the relationship with the investors and to provide a platform to the investors

to air their views, opinion, satisfaction level as also grievances and suggestions. The company believes that such exercise helps in better understanding the needs of investors.

Following table summarises the responses received against the feedback survey carried out in November/ December 2007 on the overall quality of service provided by the Company or the Registrar.

	Overall quality of service provided by the Company %	Overall quality of service provided by the Registrars %
Satisfied	98	96
Not satisfied	2	4
	100	100

15. Top Ten Shareholders

As on 31st March 2008 the top ten shareholders of the company were as follows

Name of the Shareholder	No. of Shares	Percentage of Shareholding
Tata Sons Limited	140,87,207	22.78
Life Insurance Corporation of India	67,79,907	10.96
Tata Chemicals Limited	43,17,514	6.98
Tata Investment Corporation Limited	28,20,000	4.56
Arisaig Partners(Asia)PTE Ltd A/C Arisaig India Fund Ltd	12,26,012	1.98
FID Funds(Mauritius) Ltd	11,56,431	1.87
National Insurance Company Ltd	9,78,078	1.58
Tata Offshore Opportunities Scheme	9,61,150	1.55
UTI- Unit Linked Insurance Plan	9,00,000	1.46
Mirae Asset Investment Management Co Ltd A/C Mirae Asset India Discovery Equity Investment Trust 1	6,84,288	1.11

16. Declaration by the CEO on Code of Conduct as required by clause 49.I.(D)(ii)

This is to declare that the company has received affirmations of compliance with the applicable Code of Conduct from the Directors and Senior Management personnel of the company in respect of the financial year 2007-08.

For Tata Tea Ltd



(P T Siganporia)
Managing Director

Place: Kolkata
Date : June 12, 2008

Tata Tea Limited

Auditors' Certificate on Compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement(s)

To the Members of Tata Tea Limited

We have examined the compliance of conditions of Corporate Governance by Tata Tea Limited (the Company) for the year ended 31st March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of
LOVELOCK & LEWES
Chartered Accountants

PARTHA MITRA
Partner
Membership No. 50553

Place: Kolkata
Date: 13.06.2008

For and on behalf of
N. M. RAJI & CO.
Chartered Accountants

J. M. GANDHI
Partner
Membership No. 37924

Place: Mumbai
Date: 13.06.2008

Management Discussion and Analysis

THE INDIAN ECONOMY - AN OVERVIEW

During 2007 India Inc. recorded a second year of 9%+ GDP growth, escalated cross border acquisitions, enhanced inflow of dollars through stock offerings by way of public issues and robust economic performance. Growth rates in 2007 met expectations.

Signals of slowdown in economic performance metrics in India commenced with the New Year, aggravated by global demand factors, currency appreciation, higher interest rates and steadily increasing oil prices. Our high savings and investment rate and rising corporate productivity would suggest that a recovery of the growth of the Indian economy will be apparent later in 2008, even though the overall growth rate for the year will trail the preceding two years. Economic drivers of inflation are leading to higher inflation during the year, despite interventions of the RBI and the government to intervene and reduce its impact. Rising food prices and oil price impact are now key metrics that drive action by the Government and the RBI to limit its impact on the economy. India is now a trillion dollar economy and in the current year FDI in India is expected at around \$ 25 billion. This amount is about five times of what it was only two years ago.

These key economic indicators tend to impact agro product prices. The overall supply demand situation for black tea continues to show signs of strengthening since late 2007. While there is some time lag in terms of impact of commodity prices reaching consumers as the supply chain of the trade and market competitors absorb cost escalation, the overall scenario is conducive to enhanced price recovery from the market, to mitigate to some extent, the impact of cost increases during 2008. Investment in brands, will afford us the opportunity to recover such costs and challenge our teams to innovate and address the management of growth.

INDUSTRY STRUCTURE AND DEVELOPMENT

While we have a strong global brand portfolio presence in the black tea business, the value growth rate of black tea markets where we operate is slow and in some areas stagnant. The value growth rate of other teas or what is considered as 'tea' in consumer minds is significantly ahead of black tea. Green tea formats, fruits and herbals, functional teas with enhanced well being delivery ingredients, are welcomed by consumers and are reshaping perceptions of tea amongst consumers. Natural ingredient awareness, sustainability and environmental concerns, impact on human health and well being are now entering the realm of basic requirements for fulfillment of new-age lifestyle beverage delivery norms amongst consumers across geographies and segments. The interaction of youth across key markets in the beverage arena drives convergence of several requirements towards consumer facing solutions, in terms of formats, occasions for consumption, on-the-go, taste delivery and enhanced convenience innovations.

As a significant player in the global branded tea business your Company is focused on developing presence and prioritizing growth of such opportunity in our key markets. The new streams of activity shall initially supplement and soon be a significant contributor to our revenue and profit streams for our consolidated business. Access to knowledge for developing such revenue streams, networked working across our beverage group, cocreation of solutions with stakeholders across the value chain redefine the manner in which your company seeks to establish its presence and grow ahead of competition. The virtual network of stakeholders in the value creation process and the management of our competitive edge in such environment will enhance our current portfolio of activity, even as it transforms us. We shall restructure our teams to address the opportunity implicit in our growth agenda.

In India, the agenda for growth is customized to meet requirements of consumers, customers and all stakeholders across our value chain, even as we innovate to develop convergence across tea, coffee, water and enhanced beverage offerings, through development of alternative channels for access to consumers, formats for their interaction and innovation. While currently, the major contribution for revenue and profit generation comes from our black tea packet brand portfolio the growth options in the beverage arena and alternate formats are prioritized.

Tata Tea Limited**OPPORTUNITIES, THREATS AND RISKS**

As a consumer focused 'brands' company, in India, we now focus on competitive, effective customer relationship management, keen consumer insight tracking and commercialization of opportunities as key drivers for growth. In our existing portfolio of brands, we constantly track and anticipate the evolving taste and delivery needs of our consumers, customers and channel partners aligning blends, packaging, product offerings and terms of trade to meet requirements. Our key communication and relationship building measures are funded and tracked to ensure brand equity build up in consumer minds. As we still trail the market leader in terms of value market share, our key opportunity for growth of revenues and profit streams in our existing portfolio of operations in India will be to accrue market share, through innovation and competitive deployment of marketing mix elements for our brands. The access to global benchmark process and practices for doing so is enabled by our networked working with key stakeholders in the Tata Group and the Tata Tea beverage group.

The growth opportunity of the beverage portfolio in India is key for step change performance in India and the management team is clearly driven to do so. In addition to the organic growth of the tea brand agenda that we focus on, we team with our subsidiary operations to develop our portfolio presence. Our ability to access relevant out-sourced and in house R&D technology, development of routes to market, brand offerings and consumer connect are enablers for doing so. We believe that such opportunity, if tapped, will transform the profile of our current brand and company perception in market and secure our future.

The global opportunity for growth of our beverage ambition is vast. We are prioritizing address of key markets in terms of existing portfolio growth and new beverage development options. Our absence in key markets for tea and beverages provides scope for consideration of geographical reach generating opportunity. We examine means to secure brands and distribution access in such markets, which will subsequently provide opportunity for the development of our brand portfolio. Even as we do so, we embrace new champions of knowledge, innovation, customer channel management and consumer insight into our fold, in such domains. The opportunity to deploy such knowledge throughout our organization, will sharpen our competitive edge.

No business is without risks and some of the threats and risks we face are :

- 1) Across all our business, we are currently largely dependant on black tea revenues and profitability. In key markets, the black tea business is stagnant or low growth. The absence of industry growth in such markets is a threat. We recognize the threat and have taken steps to mitigate such risk. While we shall aggressively grow market share and value from such markets, in proportion to opportunity, we have accelerated the development of green tea, rooibos, fruit and herbal offerings within our brand portfolios. These are relatively smaller segments, that are growing at a fast pace. We expect to grow beyond the threat of attrition with such endeavor.
- 2) Our single largest input cost is raw tea and very often managing the sourcing thereof is a challenge that we face in our businesses. Climatic conditions aggravate the supply chain balance of tea from different origins. The global demand and supply scenario is constantly monitored and in anticipation of trends and competitive stance, we action global sourcing initiatives. We now deploy an ERP friendly tea 'evaluatory language', which enables our tea buying and blending team to reformulate and supply customer and market requirement templates from multiple substitute sources, as relevant. This reduces the impact of commodity fluctuations on our business. We develop sustainable sourcing relationships and partner vendors through the 'Ethical Tea Partnership' initiative and partner supplier relationships with large suppliers to insulate our operations.
- 3) As we develop our beverage portfolio operations, the profiles of our key competitors change, as new competitive global champions aggressively counter our growth ambition. The factors that have helped develop a competitive edge for our current brand portfolio business may become irrelevant in view of the dynamics of the new business. Our acquisition strategy, in the past, enabled us embrace champions of competitive knowledge and that allowed us to grow our expertise to compete effectively with global competitors. Our

ability to assimilate such knowledge and morph our operations to be competitive will enable us mitigate such risk. Our progress in the business excellence journey through TBEM assists us track progress and anticipate developmental requirements towards emerging as a global competitor ourselves.

- 4) A key risk to our business is the retention and development of our teams and people to drive and deliver ambition in a global environment. To mitigate such risk we have progressed reorganization, training and development, recruitment of domain knowledge expertise and identified a global cadre of managers and Top Talent to deliver the business plans.
- 5) Being a global company volatility of foreign exchange for major currencies and across our business transactions is a significant risk. We have deployed various initiatives that utilize the available financial instruments and processes at a global and individual country level to minimize our exposure risk and gain competitive edge in this regard.
- 6) In India and in all our global markets, emerging legislation based on sustainability, climate change, food safety, consumer health and well being alter the norms of sourcing, delivery and construct of product offerings, packaging and delivery systems. We play an active role in participating in Industry and Government forums that investigate, determine and set such standards, so that we benefit our consumers and are proactive in compliance. While implementation of such initiatives, tend to enhance costs of operation, they are real costs of conducting sustainable business and we stand committed to developing our business accordingly. Such efforts help us build brand equity and enrich our operations in the long term.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's Internal Audit Department is responsible for periodically carrying out audit of the transactions of the Company in order to ensure that recording and reporting are adequate and proper. The audit programme is planned in such manner that over a period of time all units/offices of the Company are covered by internal audit. The Internal Audit also verifies whether internal controls and checks & balances in the system are adequate, proper and up to date. They also periodically verify safeguarding of Company's assets and ensure that there is no unauthorised use.

The Company has also engaged Management Auditors to independently examine specific areas of operation and suggest methods to improve efficiencies and controls.

The Audit Committee of the Board regularly meets and reviews Internal Audit and Management Audit coverage. The Audit Committee also discusses all important Internal audit and Management audit reports and suggests corrective actions for the management to implement. The company has developed a risk register, which is updated annually based on feedbacks from respective functional heads. The Audit committee and the Board reviews annually the risk management and mitigation system. The Internal Audit team also verifies Statutory and legal compliance at different units and any non-compliance is highlighted in the audit report. Actions are taken by the concerned managers to rectify the instances of non-compliance at the earliest opportunity.

FINANCIAL & OPERATING PERFORMANCE

Despite exit from plantations the Company recorded 10 % growth in turnover on a standalone basis. Strong performance of branded tea business where the Company has now become volume market leader enabled this commendable performance. Profit before tax during the year at Rs.385.86 crores was 10 % higher than the previous year. Profit after tax at Rs. 312.86 crores was only slightly higher than previous year in view of higher burden of corporate tax in 2007-08 compared with 2006-07. The earnings per share in 2007-08 was Rs. 50.79 compared with Rs. 53.56 in the previous year

Tata Tea Limited**CONSOLIDATED FINANCIAL PERFORMANCE**

The Consolidated financial results of the Company along with all its subsidiary companies reflect that in 2007-08 the consolidated total income at Rs 4432 crores improved by 8% while the Profit before tax and exceptional items was Rs 493 crores, an increase of 15%. The consolidated profit after tax but before share of results of Associates and Minority interest at Rs. 1906 crores (including one-time profit on sale of EBI shares of Rs.1608 crores) was substantially higher than last year's figure of Rs.458 crores. Consolidated earnings per share in 2007-08 was Rs.250.41 against Rs.77.46 earned last year.

SEGMENT- WISE PERFORMANCE OF THE COMPANY AND CONSOLIDATED PERFORMANCE

Segment	Company Segment Turnover		Consolidated Segment Turnover	
	2007/08 Rs Crores	2006/07 Rs Crores	2007/08 Rs Crores	2006/07 Rs Crores
Tea	1155.11	1067.82	3432.38	3332.19
Coffee & Other Produce	—	—	929.30	692.26
Others	—	1.13	32.29	18.79
Total	1155.11	1068.95	4393.97	4043.24

A break up of the consolidated turnover by major geographies is given below :

	Consolidated Turnover by Geography	
	2007/08 Rs Crores	2006/07 Rs Crores
United Kingdom	1390.19	1326.72
USA & Canada	1338.30	1172.21
India	1146.37	1012.51
Rest of the World	519.11	531.80
Total	4393.97	4043.24

TREASURY AND LIQUIDITY

The debt-equity ratio of the Company as on 31st March 2008 was 0.18 compared with 0.41 on 31st March 2007. The Company raised Rs.325 crores during the year by issuing 9.4% Secured Non convertible debentures which have been listed with National Stock Exchange. After sale of investment in Energy Brands Inc bulk of the borrowings earlier made to finance the acquisition have been repaid and thus on a consolidated basis the long term debt-equity ratio as on 31st March 2008 was 0.51 compared with 1.57 a year ago.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/THE INDUSTRIAL RELATIONS FRONT

As on 31st March 2008 the Company had 2510 employees. This number compares with 34506 employees that the Company had prior to transfer of North India Plantation Division and about 52000 employees before transfer of South India Plantation division. The industrial relations during 2007-08 were generally peaceful. Initiatives taken by the company in the area of human resource development include reform of Performance Management system for executives and junior management staff, adoption of Balanced Score Card (BSC) approach for aligning individual goals with organizational goals and periodical review of executives performance through the BSC approach.

CAUTIONARY STATEMENT

Certain statements made in this Report relating to company's objectives, projections, outlook, expectations, estimates etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc., whether express or implied. Several factors could make a significant difference to the company's operations. These include climatic conditions, economic conditions affecting demand and supply, Government regulations and taxation, natural calamity, currency rate changes etc. over which the company does not have any direct control.

Auditors' Report

To the Members of Tata Tea Limited

1. We have audited the attached Balance Sheet of Tata Tea Limited, as at 31st March 2008 and the related Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the attached Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (c) The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the applicable accounting standards referred to in Section 211(3C) of 'The Act';
 - (e) On the basis of written representations received from the directors, and taken on record by the Board of Directors of the company, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2008
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For N M Raiji & Co
Chartered Accountants Chartered Accountants

For Lovelock and Lewes

J M Gandhi
Partner
Membership Number 37924
Mumbai, May 30, 2008

Partha Mitra
Partner
Membership Number 50553
Mumbai, May 30, 2008

Tata Tea Limited

Annexure to Auditors' Report

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Tata Tea Limited on the financial statements for the year ended 31st March 2008].

1.
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets are physically verified by the management in a phased manner, over a period of three years. In respect of assets physically verified, the details have been compared with the book records and discrepancies noticed thereof were not material and have been properly dealt with in the books of account.
 - (c) During the year the company has sold its estates and related assets of North India Plantation Division which formed substantial part of its fixed assets. On the basis of our examination of the books and records of the company, and according to the information and explanations given to us, in our opinion, the disposal of the said fixed assets has not affected the going concern status of the company.
2.
 - (a) Physical verification of inventory has been conducted by the management at reasonable intervals, except in respect of stocks lying with third parties for which certificates have been obtained.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3.
 - (a) The company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
 - (b) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. There is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5.
 - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from

the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the company in respect of the aforesaid deposits.

7. The company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of accounts maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. There are no outstanding dues in respect of the above items, which are more than six months as at the balance sheet date.
- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income-tax, sales-tax, excise duty and cess as at 31st March, 2008 which have not been deposited on account of a dispute are mentioned in annexure A.

Statement of Disputed Dues as on 31.03.2008

Annexure - A

Name of the statute	Nature of dues	Amount (Rs Lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	18.62	2000-01	Income Tax Appellate Tribunal, Mumbai
Assam Agricultural Income Tax Act, 1939	Income Tax	33.41	1998-99, 1999-00, 2000-01	Assistant Appellate Commissioner, Guwahati
West Bengal Sales Tax Act, 1994	Sales Tax	9.21	1983, 1994-95, 1997-98, 1998-99 & 2000-01	West Bengal Commercial Taxes Appellate & Revisional Board.
		3.65	2002-03	Asst Commissioner (Appeals) of Commercial Taxes, WB
		1.23	2004-05	Deputy Commissioner (Appeals) of Commercial Taxes, WB
Kerala General Sales Tax Act, 1963	Sales Tax	12.00	1998-99	Sales Tax Tribunal, Kerala
		29.48	1996-97 to 2000-01	Deputy Commissioner (Appeals) of Commercial Taxes, Kerala
		2.76	1994-95 to 1996-97	Assistant Commissioner (Appeals) of Commercial Taxes, Kerala
		113.46	1997-98	Hon'ble Kerala High Court

Tata Tea Limited

Name of the statute	Nature of dues	Amount (Rs Lacs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Sales Tax	12.14	1998-99	Sales Tax Tribunal, Kerala
		7.79	1999-00 & 2000-01	Deputy Commissioner (Appeals) of Commercial Taxes, Kerala
Karnataka Sales Tax Act, 1957	Sales Tax	441.00	1995-96 to 1996-97	Joint Commissioner of Commercial Taxes, Karnataka
Tamilnadu General Sales Tax Act, 1959	Sales Tax	6.33	2001-02	Appellate Asst. Commissioner, Tamilnadu
		46.33	2002-03 to 2006-07	DCTO, Tamilnadu
Central Excise Act, 1944	Excise duty	0.87	2004-05	Deputy Commissioner (Appeals) of Central Excise, Kerala
Tamilnadu Panchayat Act, 1994	Cess on Land Revenue	4.97	2000-01 to 2002-03	Hon'ble Madras High Court
		743.25		

10. The company has no accumulated losses as at 31st March, 2008 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.
16. During the year the company has not taken any new term loan. In our opinion, and according to the information and explanations given to us, the existing term loans have been applied for the purposes for which they were obtained except for Rs. 346.51 Lakhs which remains unutilised as at the end of the year.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.

18. The company has made preferential allotment of shares to a company covered in the register maintained under Section 301 of the Act during the year, and the price at which they were issued was not prejudicial to the interest of the company.
19. The company has created securities for 9.40% Non-Convertible privately placed debentures issued during the year and outstanding at the year end.
20. The company has not raised any money by public issue during the year and therefore paragraph 4(xx) of the order is not applicable.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For **N M Rajji & Co**
Chartered Accountants

For **Lovelock and Lewes**
Chartered Accountants

J M Gandhi
Partner
Membership Number 37924
Mumbai, May 30, 2008

Partha Mitra
Partner
Membership Number 50553
Mumbai, May 30, 2008

Tata Tea Limited
Balance Sheet as at 31st March, 2008

	Schedule	2008	2007	Rs. in Lakhs
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	6183.99	5902.99	
Share Warrants		—	2183.37	
Reserves and Surplus	2	174220.67	148469.41	
		180404.66		156555.77
Loan Funds				
Secured Loans	3	54250.51	24699.77	
Unsecured Loans	4	21500.00	55000.10	
		75750.51		79699.87
Deferred Tax Liability (Net)		782.65		917.39
TOTAL		256937.82		237173.03
APPLICATIONS OF FUNDS				
Fixed Assets				
Gross Block	5	18075.78	43908.77	
Less : Depreciation		8723.91	19452.47	
Net Block		9351.87	24456.30	
Add : Capital Work-in-progress		457.19	201.74	24658.04
Investments	6	219377.31		204591.81
Current Assets, Loans & Advances				
Inventories	7	19583.10	18000.80	
Sundry Debtors	8	6349.90	6485.86	
Cash & Bank Balances	9	1403.58	2153.12	
Other Current Assets	10	37042.79	1617.18	
Loans and Advances	11	13268.79	10439.31	
		77648.16	38696.27	
Less : Current Liabilities & Provisions				
Liabilities	12	23715.17	20619.10	
Provisions	13	27819.11	12669.60	
		51534.28	33288.70	
Net Current Assets		26113.88		5407.57
Miscellaneous Expenditure to the extent not written off or adjusted	14	1637.57		2515.61
TOTAL		256937.82		237173.03
Notes on Accounts	22			

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

This is the Balance Sheet referred to in our Report of even date.

For **N. M. Rajji & Co.**
Chartered Accountants

For **Lovelock & Lewes**
Chartered Accountants

R. N. Tata
Chairman

Y. H. Malegam
D. B. Engineer

P. T. Siganporia
Managing Director

J M Gandhi
Membership No. 37924
Partner

Partha Mitra
Membership No. 50553
Partner

R. K. Krishna Kumar
Vice Chairman

F. K. Kavarana
U. M. Rao
Dr. Amrita H. Patel
A. R. Gandhi
P. D. Unsworth
Directors

Ms. Sangeeta Talwar
Wholetime Director

D. K. Sen
Vice President & Secretary

Mumbai, May 30, 2008

Profit and Loss Account for the year ended 31st March, 2008

	Schedule	2008	2007	Rs. in Lakhs
INCOME				
Sales and Services- Net (Refer Schedule 22, Note 15)		113470.20	105447.32	
Other Income	15	1872.65	1587.45	
Investment Income	16	10986.38	7576.30	
		126329.23		114611.07
EXPENDITURE				
Purchases		2648.50	3254.76	
Raw Materials Consumed	17	54924.75	32263.40	
Expenses	18	38300.35	53308.15	
Depreciation		1016.56	1854.27	
(Accretion)/Decretion to Stock	19	1838.69	(1558.62)	
		98728.85		89121.96
		27600.38		25489.11
Interest (net)		(2187.98)		(1162.52)
Interest on loans for acquisition (Refer note 7)		(2447.37)		(2668.23)
Exceptional Income/(Expenditure)	20	15620.53		13318.30
Profit before Taxation		38585.56		34976.66
Provision for Taxation	21	7300.00		4320.00
Profit after Taxation		31285.56		30656.66
Disclosure relating to Discontinuing operation (Refer Schedule 22, Note 6)				
Profit before tax from continuing operation		38585.56	32705.15	
Provision for Taxation		7300.00	3875.00	
Profit after tax from continuing operation		31285.56		28830.15
Profit before tax from discontinuing operation		—	2271.51	
Provision for Taxation		—	445.00	
Profit after tax from discontinuing operation		—		1826.51
		31285.56		30656.66
Profit after Taxation (as above)		31285.56		30656.66
Balance brought forward		15061.61		13257.39
		46347.17		43914.05
APPROPRIATIONS				
Proposed Dividend		21643.95	9275.99	
Provision for Tax on Dividend		3678.39	1576.45	
Transfer to General Reserve		4000.00	18000.00	
		29322.34		28852.44
Balance carried forward		17024.83		15061.61
Basic & Diluted Earnings per Share (Refer Schedule 22, Note 8)		50.79		53.56

Notes on Accounts

22

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

This is the Profit & Loss Account referred to in our Report of even date.

For **N. M. Raiji & Co.**
Chartered Accountants

For **Lovelock & Lewes**
Chartered Accountants

R. N. Tata
Chairman

Y. H. Malegam
D. B. Engineer

P. T. Siganporia
Managing Director

J M Gandhi
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Partner

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Directors

Ms. Sangeeta Talwar
Wholetime Director
D. K. Sen
Vice President & Secretary

Mumbai, May 30, 2008

Tata Tea Limited

Schedules forming part of the Balance Sheet

	2008	Rs. in Lakhs 2007
Schedule 1		
SHARE CAPITAL		
Authorised		
750,00,000 Equity Shares of Rs.10 each	7500.00	7500.00
Issued, Subscribed and Paid-up		
618,39,857 (590,29,857) Equity Shares of Rs.10 each, fully paid-up	6183.99	5902.99
Of the above,		
(a) 72,38,073 Shares have been allotted as fully paid pursuant to a contract without payment being received in cash		
(b) 331,80,674 Shares have been allotted as fully paid Bonus Shares by capitalisation of General Reserve and Securities Premium Account		
(c) During the year 28,10,000 Share warrants were converted into fully paid Equity Shares of Rs. 10 each at a premium of Rs. 716.45 per share [Refer schedule 22, Note 7]		
	6183.99	5902.99

Schedule 2

RESERVES AND SURPLUS	2007	Additions	Deductions		
Capital Reserve	8.67	—	—	8.67	8.67
Revaluation Reserve	2186.16	—	—	2186.16	2186.16
Contingency Reserve	100.00	—	—	100.00	100.00
Debenture Redemption Reserve	3025.00	—	—	3025.00	3025.00
Securities Premium Account	46439.11	20132.25	98.86 *	66472.50	46439.11
Hedging Reserve	—	—	245.35	(245.35)	—
General Reserve	81648.86	4000.00	—	85648.86	81648.86
				157195.84	133407.80
Profit & Loss Account				17024.83	15061.61
				174220.67	148469.41

* On account of write off of expenses incurred on issue of 9.40% non - convertible debenture as per Section 78 of the Companies Act, 1956.

Schedules forming part of the Balance Sheet

	2008	Rs. in Lakhs 2007
Schedule 3		
SECURED LOANS		
90, 6% Non-convertible, privately placed, Debentures of Rs. 100 Lakhs each.	—	9000.00
Secured by way of a first mortgage on certain immovable properties of the Company and pledge of shares of certain Companies held as investment.		
3250, 9.40% Non-convertible, privately placed, Debentures of Rs. 10 Lakhs each.	32500.00	—
Redeemable at par on 8.11.2010, at the end of 3 years from the date of allotment 7.11.2007		
The debentures are secured by way of a first mortgage on certain immovable properties of the Company and pledge of shares of certain Companies held as investment.		
From Banks		
Term Loan from HDFC Bank Limited	—	4500.00
Secured by way of a mortgage on certain immovable properties of the Company and pledge of shares of certain Companies held as investments, ranking pari passu with charge created in favour of the debenture trustees.		
Term Loan from ICICI Bank Limited	1607.14	2250.00
Secured by way of charge on certain immovable properties/other assets of the Company. Creation of the above charge is pending.		
Working Capital Facilities	20143.37	8949.77
Secured by way of hypothecation of raw materials, finished products, stores and spares, crop, book debts and movable assets other than plant and machinery and furniture.		
	<u>54250.51</u>	<u>24699.77</u>
Schedule 4		
UNSECURED LOANS		
Short Term Loans		
From Banks		
Short term loan from ICICI Bank Limited	17000.00	—
Bridge loans taken from banks for acquisition	—	55000.00
Other than Short Term		
From Banks		
Term Loan from HDFC Bank Limited	4500.00	—
From Others		
From West Bengal Government (under Subsidised Housing Scheme for Plantation workers)	—	0.10
	<u>21500.00</u>	<u>55000.10</u>

Tata Tea Limited

Schedules forming part of the Balance Sheet

Schedule 5	Cost					Depreciation		Rs.in Lakhs	
	FIXED ASSETS								
	As at 1.4.2007	Assets transferred Scheme of Arrangement	Additions/ Adjustments	Deductions/ Adjustments	As at 31.3.2008	For the Year	To date	Net Book Value as at 31.3.2008	Net Book Value as at 31.3.2007
TANGIBLE									
Land	265.00	120.79	—	—	144.21@	—	—	144.21	265.00
Tea Estate Land/Fuel									
Area (including									
Developments)	3916.06	3361.00	—	0.07	554.99	—	—	554.99	3916.06
Buildings	12206.61	8158.49	45.43	135.27	3958.28@	79.01	857.92	3100.36	9358.41
Bridges	225.75	225.66	—	—	0.09	—	0.02	0.07	187.60
Plant & Machinery	23880.97	13501.81	643.26	411.09	10611.33@	676.71	6361.32	4250.01	9373.49
Furniture, Fixtures & Office									
Equipment	1895.50	558.29	171.12	16.18	1492.15	74.80	875.32	616.83	682.09
Motor Vehicles	811.06	472.85	5.74	37.04	306.91	19.48	226.83	80.08	201.77
INTANGIBLE									
Capitalised Software	707.82	—	—	—	707.82	141.56	377.50 +	330.32	471.88
Non Compete Fee	—	—	300.00	—	300.00	25.00	25.00	275.00	—
Total	43908.77	26398.89	1165.55	599.65	18075.78	1016.56	8723.91	9351.87	24456.30
Previous Year	42368.40	—	1899.28	358.91	43908.77	1854.27	19452.47	24456.30	—
Capital Work-in-Progress (includes capital advances)								457.19	
Previous Year								201.74	

- 1) Cost of Buildings include Rs. 589.84 Lakhs (Rs. 589.84 Lakhs) represented by shares in Co-operative Housing Societies / a Company.
- 2) (@) Includes amount of Rs. 125.69 Lakhs (Rs. 125.69 Lakhs), Rs. 61.70 Lakhs (Rs. 61.70 Lakhs), Rs. 8.01 Lakhs (Rs. 8.01 Lakhs), respectively, jointly owned/held with a subsidiary company.
- 3) (+) The accumulated amortisation as at the beginning of the year was Rs.235.94 Lakhs (Rs.94.38 Lakhs)
- 4) The accumulated depreciation as at 1st April,2007 on assets transferred to Amalgamated Plantations Private Limited (APPL) amounted to Rs.11,355.30 Lakhs
- 5) Capital Work-in-Progress (including capital advances) transferred to APPL - Rs. 139.63 Lakhs.

Schedules forming part of the Balance Sheet

Schedule 6

Rs.in Lakhs

	Class	Nos.	Face Value of each	2008	2007
INVESTMENTS					
Long Term Investments (Fully Paid)					
Trade					
Quoted					
Tata Chemicals Ltd.	Equity Shares	15385522	Rs. 10	6922.38	6922.38
Rallis India Ltd.	Equity Shares	2938713	Rs. 10	199.65	199.65
The Indian Hotels Co Ltd (Note1)	Equity Shares	1406452	Re 1	75.09	40.71
		(1221680)			
Indian Resort Hotels Ltd (Note 1)	Equity Shares	—	Rs. 10	—	34.38
		(64670)			
Tata Motors Ltd	Equity Shares	20000	Rs. 10	35.51	35.51
Tata Investment Corporation Ltd	Equity Shares	100000	Rs. 10	26.19	26.19
Tata Steel Ltd (Note 2)	Equity Shares	10686	Rs. 10	9.01	3.67
		(8905)			
Titan Industries Ltd	Equity Shares	462403	Rs. 10	295.24	295.24
Titan Industries Ltd	6.75% Secured Redeemable Non Convertible Debentures	28677	Rs. 250	71.69	71.69
Tata Consultancy Services Ltd	Equity Shares	395600	Re 1	2.45	2.45
Tata Steel Ltd (Note 2)	2% Cum. Compulsory Convertible Preference Shares*	8014	Rs. 100	8.01	—
				7645.22	7631.87
* convertible into Equity Shares on September 1, 2009 in the ratio of 1:6					
Quoted - In Subsidiary Companies :					
Tata Coffee Ltd.	Equity Shares	10735982	Rs. 10	16150.65#	16150.65
Tata Coffee Ltd.	7% Secured Redeemable Non Convertible Debentures	4418051	Rs. 150	6627.08	6627.08
Mount Everest Mineral Water Ltd.	Equity Shares	10788327	Rs. 10	15434.83	—
				38212.56	22777.73
(#) Inclusive of Rs. 2186.16 Lakhs kept in Revaluation Reserve					
Unquoted					
Tata Sons Ltd.	Equity Shares	1755	Rs. 1000	975.00	975.00
Tata Services Ltd.	Ordinary Shares	475	Rs. 1000	4.77	4.77
Tata Industries Ltd.	Equity Shares	4346294	Rs. 100	5606.17	5606.17
NYK Line (India) Ltd	Equity Shares*	300000	Rs. 10	30.00	30.00
Estate Management Services (Pvt) Ltd.	Ordinary Shares*	15346800	LKR 10	1106.21	1106.21
Rallis India Limited	7.5% Cum. Redeemable Preference Shares	12000000	Rs. 10	1200.00	1200.00
Taj Air Ltd.	Equity Shares	4200000	Rs. 10	420.00	420.00
Project India Blend Ltd (Note 3)	Equity Shares	—	Rs. 10	—	—
		(250000)			
Tata Autocomp Systems Ltd	7% Cum. Redeemable Preference Shares	5000000	Rs. 10	500.00	500.00
Kanan Devan Hills Plantations Company (Pvt.) Ltd.	Equity Shares	2500000	Rs. 10	250.00	250.00
Amalgamated Plantations Pvt Ltd (Note 4)	Equity Shares	4998	Rs. 10	0.50	1.00
		(9998)			
				10092.65	10093.15

(*) Sale of these investments requires first offer of sale to the Venture partners.

Tata Tea Limited
Schedules forming part of the Balance Sheet
Schedule 6 (Continued)
Rs.in Lakhs

	Class	Nos.	Face Value of each	2008	2007
INVESTMENTS (Continued)					
Unquoted - In Subsidiary Companies :					
Tata Tea Inc.	Common Stock	14000000	US\$ 1	5980.46	5980.46
Tata Tea (GB) Ltd	Ordinary Shares	60000000	GBP 1	42898.97	42898.97
Tata Tea (GB) Capital Limited	Ordinary Shares	89606732	GBP 1	76388.70	76388.70
Consolidated Coffee Incorporated	Common Stock	199	US\$ 0.01	9248.55	9248.55
Zhejiang Tata Tea Extraction Company Ltd. @				1095.93	—
7% Tata Tea (GB) Ltd. Bonds (Note 5)	Loan Notes	10666290	GBP 1	7172.01	7172.01
				142784.62	141688.69
(@) Amount of investment is RMB 192.50 Lakhs in Share Capital of the company.					
Other than Trade :					
Quoted					
SBI Home Finance Ltd.	Equity Shares	100000	Rs. 10	—	—
6.75% Unit Trust of India Bonds	Tax Free Bonds	217855	Rs. 100	217.86	217.86
				217.86	217.86
Unquoted - In Government Securities:					
W. B. Estates Acquisition Compensation Bond				0.08	0.08
				0.08	0.08
Unquoted-Others					
The Annamallais Ropeways Co Ltd.	Ordinary Shares	2092	Rs. 100	—	—
Assam Bengal Cereals Ltd.	Ordinary Shares	20000	Rs. 10	2.00	2.00
Assam Hospitals Ltd	Equity Shares	200000	Rs. 10	20.00	20.00
The Valparai Co-operative Wholesale Stores Ltd.	Ordinary Shares	350	Rs. 10	—	—
The Bengal Chamber of Commerce & Industry	6 1/2% Debentures	7	Rs. 1000	0.07	0.07
Woodlands Hospital & Medical Res. Centre Ltd.	5% Debenture Stock	1	Rs. 95000	0.44	0.44
Woodlands Hospital & Medical Res. Centre Ltd. (Cost Rs. 3)	1/2% Debentures	278	Rs. 100	—	—
Suryakiran Apartment Services Private Ltd	Equity Shares	2146	Rs. 10	0.21	0.21
Shillong Club Ltd. (Cost Rs. 2)	5% Debentures	31	Rs. 100	—	—
Jalpaiguri Club Ltd. (Cost Re. 1)	Ordinary Shares	60	Rs. 10	—	—
Thakurbari Club Ltd. (Cost Re. 1)	Preference Shares	26	Rs. 100	—	—
GNRC Ltd	Equity Shares	50000	Rs. 10	5.00	5.00
IFCI Venture Capital Funds Ltd	Equity Shares	250000	Rs. 10	25.00	25.00
Ritspin Synthetics Ltd	Equity Shares	100000	Rs. 10	—	—
TEASERVE	Equity Shares	1	Rs. 5000	0.05	0.05
(The Tamil Nadu Tea Manufacturers' Service Industrial Co-operative Society Ltd)					
National Bank for Agriculture and Rural Development	5.50% Capital Gain Bonds	30000	Rs. 10000	3000.00	3000.00
National Housing Bank	5.50% Capital Gain Bonds 2002	11050	Rs. 10000	1105.00	1105.00
National Housing Bank	5.25% Capital Gain Bonds 2002	9300	Rs. 10000	930.00	930.00
Rural Electrification Corporation Ltd	5.50% Non-Convertible Redeemable Taxable Bonds Series V	9300	Rs. 10000	930.00	930.00
National Bank for Agriculture and Rural Development	5.20% Capital Gain Bonds	18600	Rs. 10000	1860.00	1860.00
				7877.77	7877.77

Schedules forming part of the Balance Sheet

Schedule 6 (Continued)				Rs.in Lakhs	
	Class	Nos.	Face Value of each	2008	2007
INVESTMENTS (Continued)					
Current Investments (Fully paid)					
Other than Trade.					
Unquoted - In units of Mutual Funds					
Birla Mutual Fund	Units of Birla Fixed Term Plan Monthly Plan Series 2 - Dividend Scheme	10036270	Rs 10	1003.63	—
Birla Mutual Fund	Units of Birla Liquid Fund Cash Plus - Institutional Premium Plan - Dividend Scheme	18651715	Rs 10	1868.81	—
Tata Mutual Fund	Units of Tata Liquid Fund Super High Investment Fund - Dividend Scheme (115688)	—	Rs 1115	—	1289.36
UTI Mutual Fund	Units of UTI Liquid Cash Plan Institutional Plan - Dividend Scheme (49103)	—	Rs 1019	—	500.58
Prudential ICICI Mutual Fund	Units of Prudential ICICI Fixed Maturity Plan Series 34 - Growth Scheme	2000000	Rs 10	200.00	200.00
Standard Chartered Mutual Fund	Units of Standard Chartered Fixed Term Plan 10th Plan - Growth Scheme (5000000)	—	Rs 10	—	500.00
Tata Mutual Fund	Units of Tata Fixed Horizon Series 6 Scheme B - Growth Scheme (10000000)	—	Rs 10	—	1000.00
Principal Pnb Mutual Fund	Units of Principal PNB Fixed Maturity Plan Series 1 - Growth Scheme	10000000	Rs 10	1000.00	1000.00
Kotak Mutual Fund	Units of Kotak Fixed Maturity Plan Series 2 Institutional Growth Scheme	2000000	Rs 10	200.00	200.00
Kotak Mutual Fund	Units of Kotak Fixed Maturity Plan Series 4 Institutional Growth Scheme	2000000	Rs 10	200.00	—
HSBC Mutual Fund	Units of HSBC Fixed Term Plan Series 9 - Growth Scheme (5000000)	—	Rs 10	—	500.00
Tata Mutual Fund	Units of Tata Fixed Horizon Fund Series 3 Scheme C Growth Scheme (10000000)	—	Rs 10	—	1000.00
Standard Chartered Mutual Fund	Units of Grindlays Fixed Maturity Plus Plan Plan1B - Growth Scheme (2000000)	—	Rs 10	—	200.00
Standard Chartered Mutual Fund	Units of Grindlays Fixed Maturity Plan 22nd Plan - Growth Scheme (10000000)	—	Rs 10	—	1000.00

Tata Tea Limited

Schedules forming part of the Balance Sheet

Schedule 6 (Continued)

Rs.in Lakhs

	Class	Nos.	Face Value of each	2008	2007
INVESTMENTS (Continued)					
Current Investments (Fully paid)					
Other than Trade.					
Unquoted- In units of Mutual Funds					
Standard Chartered Mutual Fund	Units of Grindlays Fixed Maturity Plan 20th Plan-Growth Scheme	— (3000000)	Rs 10	—	300.00
Tata Mutual Fund	Units of Tata Fixed Income Portfolio Fund Scheme A2 - Dividend Scheme	10038763	Rs 10	1004.91	—
Tata Mutual Fund	Units of Tata Fixed Horizon Fund Series 3 Scheme F - Growth Scheme	— (10000000)	Rs 10	—	1000.00
Deutsche Mutual Fund	Units of DWS Fixed Term Plan Series 6 - Growth Scheme	— (6968880)	Rs 10	—	696.89
Deutsche Mutual Fund	Units of DWS Fixed Term Plan Series10 - Growth Scheme	— (5000000)	Rs 10	—	500.00
Deutsche Mutual Fund	Units of DWS Fixed Term Plan Series5 - Growth Scheme	— (5000000)	Rs 10	—	500.00
UTI Mutual Fund	Units of UTI Fixed Maturity Plan - Dividend Scheme	— (5090085)	Rs 10	—	509.01
SBI Mutual Fund	Units of SBI Fixed Maturity Plan SDFS - 30 Days Dividend Scheme	10020081	Rs 10	1002.01	—
SBI Mutual Fund	Units of SBI Liquid Fund Premier Plan - Super Institutional Plan - Dividend Scheme	20707857	Rs 10	2077.52	—
Deutsche Mutual Fund	Units of DWS Liquid Fund Insta Cash Plus - Super Institutional Plan - Dividend Scheme	15328328	Rs 10	1535.90	—
Deutsche Mutual Fund	Units of DWS Liquid Fund Money Plus - Institutional Plan - Dividend Scheme	— (9533975)	Rs 10	—	954.18
DSPML Mutual Fund	Units of DSP ML Liquid Fund Cash Plus Fund - Institutional Plan - Dividend Scheme	245353	Rs 1000	2453.77	—

Schedules forming part of the Balance Sheet

Schedule 6 (Continued)				Rs.in Lakhs	
	Class	Nos.	Face Value of each	2008	2007
INVESTMENTS (Continued)					
Current Investments (Fully paid)					
Other than Trade.					
Unquoted- In units of Mutual Funds					
Franklin Templeton Mutual Fund	Units of Franklin Templeton India Treasury Management Account Super Institutional Plan - Dividend Scheme	(245402)	Rs 1000	—	2454.64
				12546.55	14304.66
			Total	219377.31	204591.81
Cost of Investments					
Long Term					
Quoted (including Subsidiary Companies)				46075.64	30627.46
Unquoted (including Subsidiary Companies)				160755.12	159659.69
Unquoted Current Investment - in units of mutual fund				12546.55	14304.66
Aggregate Amount				219377.31	204591.81
Market Value of Quoted Investments				105129.36	82338.42
Net Asset value of Current Investments				12708.23	14793.15

Note:

- During the year 184772 shares of The Indian Hotels Company Limited were received against 64670 shares of Indian Resort Hotels Limited consequent to the scheme of amalgamation of Indian Resort Hotels Ltd with The Indian Hotels Company Ltd.
- During the year, the Company subscribed for 1781 Equity Shares of Rs.10 each and 8014, 2% Cumulative Compulsory Convertible Preference Shares of Rs.100 each, on right basis of Tata Steel Ltd.
- During the year investments in Project India Blend Ltd aggregating to Rs. 25 Lakhs, were written off from the books. Provision against the said investment was already made in previous years.
- During the year, Amalgamated Plantations Private Limited ceased to be a subsidiary of the company and became an associate.
- On April 1, 2008, on the option being exercised by the company, 7% Tata Tea (GB) Ltd Loan Notes were converted into an equivalent no. of ordinary shares having face value of GBP 1 per share.
- 15385522 shares of Tata Chemicals Limited and 10735982 shares of Tata Coffee Limited are pledged against outstanding 9.40% Non Convertible Debentures.

Tata Tea Limited
Schedules forming part of the Balance Sheet
Schedule 6 (Continued)
INVESTMENTS (Continued)
Note (Continued):

7. Current Investments bought & sold during the year:

	No. of Units
Birla Cash Plus-Institutional Premium Plan - Dividend Scheme	217615466
Birla Sunlife Cash Manager - Dividend Scheme	23674658
DWS Insta Cash Plus Fund - Institutional Plan - Dividend Scheme	91301237
DSP ML Cash Plus Institutional Plan - Dividend Scheme	94991
DWS Insta Cash Plus Fund - Super Institutional Plan - Dividend Scheme	33860715
DWS Money Fund-Institutional Plan - Dividend Scheme	26100429
Fidelity Cash Fund - Super Institutional - Dividend Scheme	45520311
HDFC Cash Management Fund - Savings Plan - Dividend Scheme	54326639
HDFC Liquid Fund - Premium Plan - Dividend Scheme	178795581
HSBC Cash Fund- Institutional Plan-Dividend Scheme	23618791
HSBC Cash Fund-Institutional Plus-Dividend Scheme	110819243
HSBC Liquid Plus-Institutional Plus-Dividend Scheme	16041801
JM High Liquidity Fund - Super Institutional Plan - Dividend Scheme	4992610
JM Money Manager Fund Super Plus Plan - Dividend Scheme	5099021
Kotak Liquid Institutional Premium Plan - Dividend Scheme	38833696
Principal Cash Management Fund - Liquid Option Institutional Premium Plan-Dividend Scheme	126769262
Principal Floating Rate Fund Fixed Matured Plan - Institutional Option - Dividend Scheme	22428008
Prudential ICICI Institutional Liquid Plan - Super Institutional Plan - Dividend Scheme	277383842
Prudential ICICI Institutional Liquid Plan- Dividend Scheme	8478401
Prudential ICICI Liquid Institutional Plus-Dividend Scheme	175089383
SBI Magnum Institutional Income - Savings -Dividend Scheme	199531
SBI Premier Liquid Fund - Institutional Plan - Dividend Scheme	54304603
Standard Chartered Liquidity Manager Plus Fund - Dividend Scheme	491470
TATA Fixed Horizon Fund Series 9 Scheme B - Institutional Plan - Dividend Scheme	10061385
Tata Liquid High Investment Plan - Dividend Scheme	905401
Tata Liquid Super High Investment Plan - Dividend Scheme	2330241
Templeton India TMA Super Institutional Plan - Dividend Scheme	771861
Templeton TMA Institutional Plan - Dividend Scheme	672109
UTI Half Yearly FMP 1206 - Dividend Scheme	27720
UTI Liquid Fund Cash Plan - Institutional - Dividend Scheme	892975
UTI Liquid Plus Fund - Dividend Scheme	142597

Schedules forming part of the Balance Sheet

	2008	Rs. in Lakhs 2007
Schedule 7		
INVENTORIES		
Stores and Spare Parts, Packing Materials	1942.55	2209.72
Raw Materials	10642.46	6954.30
Finished Goods	6998.09	8836.78
	<u>19583.10</u>	<u>18000.80</u>
Schedule 8		
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months	556.97	540.92
Other Debts	6299.55	6446.53
Debts	<u>6856.52</u>	6987.45
Less : Provision for Doubtful Debts	506.62	501.59
	<u>6349.90</u>	<u>6485.86</u>
Note :		
Debts considered good	6349.90	6485.86
Debts considered doubtful	506.62	501.59
	<u>6856.52</u>	<u>6987.45</u>
Schedule 9		
CASH & BANK BALANCES		
Cash and Cheques in hand	63.86	8.47
With Scheduled Banks on :		
Current Account	1339.72	644.65
Fixed Deposits	<u>—</u>	1500.00
	<u>1339.72</u>	2144.65
	<u>1403.58</u>	<u>2153.12</u>

Tata Tea Limited
Schedules forming part of the Balance Sheet

	2008	2007
Schedule 10		
OTHER CURRENT ASSETS		
Interest and Dividend Accrued *	2948.75	1617.18
Receivable from Amalgamated Plantations Pvt. Ltd.*	34094.04	—
	37042.79	1617.18

Interest accrued includes

-Interest pertaining to Subsidiaries - **Rs. 800.34 Lakhs** (Rs.377.89 Lakhs).

-Interest pertaining to Consideration receivable from APPL on transfer of NIPO - **Rs.862.33 Lakhs (Rs. Nil)**

* Due from Private Limited Company in which a Director is a Director and Member - **Rs. 34956.37 Lakhs** (Rs. Nil)

Schedule 11
LOANS & ADVANCES

(Unsecured and considered good unless otherwise stated)

Loans (Secured)	3500.00	3500.00
Loans	—	95.50
Advances recoverable in cash or in kind or for value to be received		
Considered good (others)	2632.64	2901.16
Considered doubtful	67.14	178.58
	6199.78	6675.24
Less : Provision for doubtful advances	67.14	178.58
	6132.64	6496.66
Deposits		
Considered good	7135.16	3940.79
Considered doubtful	23.30	23.30
	7158.46	3964.09
Less : Provision for doubtful deposits	23.30	23.30
	7135.16	3940.79
Balances with Excise Authorities, Port Trust etc.	0.99	1.86
	13268.79	10439.31

Advances include

- a) Due from Subsidiary Companies - **Rs. 319.92 Lakhs** (Rs. 47.31 Lakhs).
- b) Due from an Officer - **Rs. 0.80 Lakhs** (Rs. 1.40 Lakhs) and maximum amount due during the year **Rs. 1.40 Lakhs** (Rs. 2.00 Lakhs).

Deposits include

- a) **Rs.6318.67 Lakhs** (Rs. 2765.10 Lakhs) deposited with NABARD in the Tea Deposit Account under section 33AB of the Income-tax Act, 1961.
- b) **Rs. Nil** (Rs. 147.18 Lakhs) deposited under section 9 (3) of the Kerala Agricultural Income-tax Act, 1991.

Schedules forming part of the Balance Sheet

	2008	2007
Schedule 12		
LIABILITIES		
Sundry Creditors	21824.01	18020.29
Interest accrued but not due	1232.92	750.28
Other Liabilities	658.24	1848.53
	<u>23715.17</u>	<u>20619.10</u>
Sundry Creditors include		
Due to Subsidiary Companies Rs. 500.00 Lakhs (Rs. 9.36 Lakhs).		
There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.		
There are no Micro Small and Medium enterprises as required to be disclosed under "The Micro, Small and Medium Enterprises Development Act, 2006" identified by the company on the basis of information available with the Company.		
Schedule 13		
PROVISIONS		
Taxation less advance payments	2496.77	1817.16
Proposed Dividend	21643.95	9275.99
Tax on Dividend	3678.39	1576.45
	<u>27819.11</u>	<u>12669.60</u>
Schedule 14		
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED		
Employee Separation Schemes		
Opening Balance	2515.61	3366.49
Add : Incurred during the year	—	27.16
	<u>2515.61</u>	<u>3393.65</u>
Less : Amortised during the year	878.04	878.04
	<u>1637.57</u>	<u>2515.61</u>
Closing Balance	<u>1637.57</u>	<u>2515.61</u>

Tata Tea Limited

Schedules forming part of the Profit and Loss Account

	2008	Rs. in Lakhs 2007
Schedule 15		
OTHER INCOME		
Miscellaneous Receipts	1396.19	1070.63
Liabilities no longer required written back	394.19	483.73
Provision for debts and advances written back net of write off*	41.75	—
Rent Received	40.52	33.09
	<u>1872.65</u>	<u>1587.45</u>

* Net of debts and advances written off **Rs. 79.79 Lakhs (Rs. Nil).****Schedule 16****INVESTMENT INCOME****Income from Long term Investments (Gross)**

Trade*

Interest	4.84	4.30
Dividend	1925.27	4321.01

Subsidiary Companies**

Interest	1081.23	739.02
Dividend	6106.80	640.22

Others

Interest	437.04	438.59
Dividend	3.60	4.10

Dividend from Current Investments

801.54	1148.45
--------	---------

Profit on sale of Current investments (net)

626.06	280.61
<u>10986.38</u>	<u>7576.30</u>

* Tax deducted at source- **Rs. 4.79 Lakhs** (Rs. 20.69 Lakhs)**Tax deducted at source- **Rs. 502.42 Lakhs** (Rs. 75.20 Lakhs)

Schedules forming part of the Profit and Loss Account

	2008	2007
Schedule 17		
RAW MATERIALS CONSUMED		
Opening Stock	6954.30	4736.42
Add : Purchases	58612.91	34481.28
	65567.21	39217.70
Less : Closing Stock	10642.46	6954.30
	54924.75	32263.40
Schedule 18		
EXPENSES		
Salaries, Wages and Bonus	5838.95	8761.19
Contribution to Provident Fund and other Funds	409.45	1362.71
Workmen and Staff Welfare Expenses	576.12	2550.09
Cultivation, Plucking and Manufacturing Expenses	1395.53	6310.83
Consumption of Packing Materials	8024.93	7432.59
Consumption of Stores and Spare Parts	422.45	582.67
Power and Fuel (net of recovery)	1218.91	3971.66
Repairs to Plant and Machinery	164.33	1639.42
Repairs to Buildings	352.34	692.89
General Repairs	84.55	132.44
Rent	716.31	552.88
Rates & Taxes	289.49	281.14
Cess	11.03	492.83
Advertisement and Sale Charges	10019.61	9274.86
Commission on Sales	987.86	848.59
Brokerage and Discount	5.37	53.38
Freight	2632.96	2552.83
Insurance	301.85	316.70
Miscellaneous Expenses	4790.99	5341.88
Audit Fees	27.00	27.00
Provision for Doubtful Debts and Advances	15.73	55.48
Loss on Sale / Discard of Fixed Assets (net)	14.59	30.93
Diminution in the value of Long Term Investments	—	0.68
Debts and Advances written off*	—	42.48
	38300.35	53308.15

* Net of provision for debts and advances written back **Rs. Nil** (Rs. 16.55 Lakhs).

Tata Tea Limited

Schedules forming part of the Profit and Loss Account

	Rs. in Lakhs	
	2008	2007
Schedule 19		
(ACCRETION)/ DECRETION TO STOCK / WORK IN PROGRESS		
Stock as at 1st April		
Tea	8807.86	7271.96
Others	28.92	2.07
Work-in-Progress	—	4.13
	<u>8836.78</u>	<u>7278.16</u>
	8836.78	7278.16
Stock as at 31st March		
Tea	6960.96	8807.86
Others	37.13	28.92
	<u>6998.09</u>	<u>8836.78</u>
	<u>1838.69</u>	<u>(1558.62)</u>
Schedule 20		
EXCEPTIONAL INCOME/(EXPENDITURE)		
Income		
Profit on transfer of North India Plantation Division	16169.40	—
Profit on sale of assets of South India operations	329.17	—
Curtailment gain	—	818.26
Profit on sale of Long Term Trade Investments	—	13378.08
	<u>16498.57</u>	<u>14196.34</u>
Expenditure		
Amortisation of expenditure on Employee Separation Schemes	(878.04)	(878.04)
	<u>15620.53</u>	<u>13318.30</u>
Schedule 21		
PROVISION FOR TAXATION		
Income Tax	7313.59*	4015.00
Fringe Benefit Tax	210.00	265.00
Wealth Tax	0.21#	15.00
Deferred Taxation	(223.80)	25.00
	<u>7300.00</u>	<u>4320.00</u>

* net of reversal of provisions relating to earlier year **Rs. 414.30 Lakhs** (Rs. Nil)

net of reversal of provisions relating to earlier year **Rs. 14.79 Lakhs** (Rs. Nil)

Notes on Accounts

Schedule 22

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 applicable accounting standards, notified u/s 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956. 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 as per the Accounting Standard of the Companies (Accounting Standards) Rules, 2006 is recognized. The cost of extension planting of cultivable land including cost of development is capitalized.

Assets acquired on hire purchase, for which ownership will vest at a future date, are capitalised at cash cost. Depreciation on fixed assets including assets created on lands under lease is provided on straight-line method in accordance with Schedule XIV to the Companies Act, 1956. Renewal of land leases is assumed, consistent with past practice. Expenditure on software and related implementation costs are capitalized where it is expected to provide enduring economic benefits and are amortised on a straight-line basis over a period of five years.

Subsidies receivable from government in respect of fixed assets are deducted from the cost of respective assets as and when they accrue.

Non-compete fees paid on acquisition of business is being amortised on straight-line basis over a period of 10 years.

(c) 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.

(d) Investments

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

(e) Inventories

Inventories are stated at cost or net realisable value, whichever is lower. Cost is determined on weighted average method for all categories of inventories other than for auction bought teas in which case cost is considered as actual cost for each lot. Cost comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Provision is made for obsolete, slow-moving and defective stocks, where necessary.

(f) Foreign Currency Transactions

Transactions in foreign currency are recorded at average weekly spot rates and exchange difference resulting from settled transactions is adjusted in the Profit & Loss Account. Current asset and liability balances in foreign currency at the Balance Sheet date 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 monetary assets are restated at the year-end exchange rates.

(g) Sales & Services

- (i) Sales are recognised on passing of property in goods i.e. delivery as per terms of sale or on completion of auction in case of auction sale.
- (ii) Fees and income from services are accounted as per terms of relevant arrangements.

(h) Other Income

Export incentives, interest income and income from investments are accounted on accrual basis.

Tata Tea Limited

Notes on Accounts**Schedule 22 (Continued)****(i) Replanting/Rejuvenation**

Cost of replanting/rejuvenating tea bushes/fuel trees is charged to Revenue. Related Tea Board subsidies are accrued as Other Income on obtaining approval from Tea Board.

(j) Compensation of Land

Compensation, if any, in respect of land surrendered/vested in Governments under various State Land Legislations is accounted for as and when received.

(k) Employee Benefits**i) Post retirement employee benefits:**

Post retirement benefits like Provident Fund and Defined Contribution Superannuation schemes, in the nature of defined contribution plans, are maintained by the Company. Contributions required are recognized in the Profit & Loss Account on an accrual basis and funded with recognized funds set up for the purpose. For certain Provident Fund Schemes, the interest rates are assured and the deficit is borne by the Company.

Defined Benefit plans like Gratuity and Superannuation schemes are also maintained by the Company. Post retirement medical benefits are provided by the Company for certain categories of employees. Liabilities under the defined benefit schemes are determined through independent actuarial valuation at year end and charge recognized in the books. For schemes, where recognized funds have been set up, annual contributions determined as payable in the actuarial valuation report are contributed. Actuarial gains and losses are recognized in the Profit & Loss Account.

The Company recognizes in the Profit & Loss Account, gains or losses on settlement of a defined benefit plan as and when the settlement occurs.

ii) Other Employee Benefits:

Other employee benefits are accounted for on accrual basis. Liabilities for Compensated absences are determined based on independent actuarial valuation at year end and charge recognized in the profit and loss account. Short term Employee Benefits are recognized on an undiscounted basis whereas Long Term Employee Benefits are recognized on a discounted basis.

(l) Miscellaneous Expenditure to the extent not written off or adjusted

Payments to employees who have opted for the Employee Separation Schemes (ESS) of the Company along with additional liabilities towards retirement benefits arising pursuant to the ESS are amortised over a period of sixty months but not later than 1st April 2010.

(m) Research & Development

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

(n) Deferred Taxation

Deferred tax is recognized using the liability method, on all timing differences to the extent that it is probable that a liability or asset will crystallise. As at the balance sheet date, unless there is evidence to the contrary, deferred tax assets pertaining to business loss are only recognised to the extent that there are deferred tax liabilities offsetting them.

(o) Financial Instruments

Premium or discount on forward contracts where there are underlying assets/liabilities are amortised over the life of the contract. Such foreign exchange forward contracts are revalued at the balance sheet date and the exchange difference 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 & Loss Account. Gain or loss on hedging instruments in respect of effective portion of 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 recognised in the profit and loss account. Fair value hedges have been marked to market on balance sheet date and gain or loss recognized in the profit and loss account.

Notes on Accounts

Schedule 22 (Continued)

2. Bills discounted and remaining unpaid as at 31st March 2008 aggregated **Rs. 771.96 Lakhs** (Rs. 234.57 Lakhs).
3. Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March 2008 aggregated **Rs. 261.54 Lakhs** (Rs.234.25 Lakhs) including Rs. 11.80 Lakhs for computer software (Rs. Nil).

4. **Contingent Liabilities not provided for in respect of:**

- (a) Claims under adjudication not acknowledged as debts:

	Gross Rs. in Lakhs	Net of Estimated Tax Rs. in Lakhs
(i) Taxes, Statutory Duties/ Levies etc.	479.45 (764.70)	271.77 (578.64)
(ii) Commercial Claims	51.16 (49.81)	29.97 (35.94)
(iii) Income –tax/Agricultural Income-tax	355.13 (Nil)	355.13 (Nil)

- (b) Labour disputes under adjudication relating to some staff – amount not ascertainable.

- (c) Counter Guarantee is given on behalf of an Associate Company **Rs. 91.46 Lakhs** (Rs. Nil).

- (d) Guarantee given in connection with acquisition of a Subsidiary **Rs. 250 Lakhs** (Rs. Nil).

5. The major components of the Deferred Tax Assets/ Liabilities, based on the tax effect of the timing differences, as at 31st March, 2008, are as under :

	2008	Rs. in Lakhs 2007
Deferred Tax Liability		
Depreciation	2516.00	2630.00
Other Liability	275.00	172.00
	2791.00	2802.00
Deferred Tax Asset*		
Provision for doubtful debts/advances	203.00	229.00
Other Assets	394.00	377.00
Employee Benefits	1193.35	1110.61
Carry forward agricultural income-tax loss**	218.00	168.00
	2008.35	1884.61
Deferred Tax Liability- Net	782.65	917.39

* Deferred Tax Assets amounting to Rs.89.06 Lakhs has been transferred to Amalgamated Plantations Private Limited.

** to the extent of offsetting deferred tax liabilities.

6. In terms of the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta by an Order dated 9th April 2008, which was filed with the Registrar of Companies, West Bengal, Kolkata on 30th April 2008, the North India Plantation Division (NIPD) of the company stood transferred to Amalgamated Plantations Private

Tata Tea Limited

Notes on Accounts

Schedule 22 (Continued)

Limited (APPL) with effect from the appointed date of April 1, 2007 for an aggregate consideration of Rs. 36565.03 Lakhs. Consequently the results for the financial year 2007-08 exclude the performance of NIPD. Subsequently an appeal has been filed by the Regional Director Ministry of Corporate Affairs, Calcutta against the above referred order, before the Division Bench of Hon'ble High Court at Calcutta on 15th May 2008. The said appeal has been listed on 5th June 2008.

The effect to the scheme has been given in the Accounts and a pre-tax profit of Rs. 16169.40 Lakhs on transfer of NIPD has been shown under exceptional item in the Profit and Loss Account. The tax on the same amounts to Rs. 672.35 Lakhs.

According to the said scheme the following assets and liabilities are transferred to APPL, w.e.f April 1, 2007

	Rs. in Lakhs
Fixed Assets (WDV)	15183.22
Current Assets	2049.03
Current Liabilities	2352.47

The consideration on the said transfer would be discharged by way of securities and cash.

As per the Scheme of Arrangement, the purchase consideration will be received within a mutually agreed period but not later than a period of one year from the effective date.

The NIPD comprises of the estates in Assam and West Bengal and related assets, which was a part of the tea segments and was treated as a discontinuing business for the year 2006-07 with the following disclosure:

	Rs. in Lakhs 2006- 07
Sales & Other Income	28398.78
Operating Expenses	25892.11
Interest Expenses	235.16
Profit Before Tax	2271.51
Tax	445.00
Profit After Tax	1826.51
Total Assets	17164.20
Total Liabilities	2267.27
Cash inflows/outflows	
(i) Operating Activities	1855.40
(ii) Investing Activities	(893.04)
(iii) Financing Activities	(235.25)

7. The company had issued 2810000 warrants to Tata Sons Limited on preferential basis in the year 2006-07. The said warrants were exercised into an equivalent number of equity shares of Rs. 10 each in May 2007, at a price of Rs. 726.45 per share, computed as per applicable regulations. The proceeds from the issue of these equity shares were utilised for investment made in connection with the acquisition of stake in Energy Brands Inc (EBI). The Sale of such stake in EBI was concluded in October 2007. Interest on the outstanding bridge loans taken for the above acquisition till the date of sale amounting to **Rs. 2447.37 Lakhs** (Rs. 2668.23 Lakhs), has been disclosed separately.
8. Basic and Diluted Earnings Per Share have been computed with reference to Profit after tax of Rs. 31285.56 Lakhs (Rs. 30656.66 Lakhs) and weighted average equity shares outstanding (nominal value Rs. 10) during the year aggregating to 616.02 lakh shares (572.36 lakh shares).

Notes on Accounts

Schedule 22 (Continued)

	2008 Rs. in Lakhs	2007 Rs. in Lakhs
9 Expenditure debited to the Profit & Loss Account includes in the aggregate :		
Staff Cost		
Salaries, Wages and Bonus (Refer Schedule 18)	5838.95	8761.19
Contribution to provident fund and other funds (Refer Schedule 18)	409.45	1362.71
Workmen and Staff Welfare (Refer Schedule 18)	576.12	2550.09
Salaries and wages debited to other expenditure heads	358.80	5240.57
	<u>7183.32</u>	<u>17914.56</u>
Stores, Spare Parts and Packing Materials consumed- Gross	8447.38	13823.44
10 Expenditure incurred in respect of the Company's Research and Development		
Capital Expenditure	99.17	87.98
Revenue Expenditure	230.69	159.47
Contribution to TRA & UPASI	—	34.44
	<u>329.86</u>	<u>281.89</u>
11 a Miscellaneous Expenses Includes :		
Payment to Auditors*(as Auditor):		
Tax Audit	7.00	7.00
Other Services	45.41	28.20
Reimbursement of Expenses	25.04	17.50
Short provision for commission to Directors charged	35.00	20.00
Operating Lease Rentals	153.24	164.18
* Rs. 17.98 Lakhs paid to auditors on account of debenture issue costs adjusted against Securities Premium account		
b Miscellaneous Receipts include :		
Export Incentives	63.98	73.00
Exchange Gain (Net)	613.96	171.86
Tea Board subsidy	52.63	76.13
12 Interest (net) comprises :		
Interest charged on :-		
Fixed loans	2282.13	3141.45
Debentures	1327.63	540.00
Other Loans	2957.79	863.17
	<u>6567.55</u>	<u>4544.62</u>
Less : Interest on loan for acquisition	2447.37	2668.23
	<u>4120.18</u>	<u>1876.39</u>
Less : Interest received (Gross) on :		
Advances (Tax deducted at Source Rs. 97.83 Lakhs (Rs. 95.42 Lakhs))	437.83	425.59
Deposits (Tax deducted at Source Rs. 72.67 Lakhs (Rs.54.92 Lakhs))	330.93	247.05
Other current assets (Tax deducted at source Rs. 252.66 Lakhs) (Nil))	1114.99	—
Others	48.45	41.23
	<u>1932.20</u>	<u>713.87</u>
	<u>2187.98</u>	<u>1162.52</u>

Tata Tea Limited

Notes on Accounts

Schedule 22 (Continued)

13 Licensed and installed capacity and actual production

	<u>Licensed Capacity</u>	<u>Installed Capacity</u>	<u>Actual Saleable Production</u>	
			Kgs in Lakhs	
i Tea	Not applicable	Not Ascertainable	785.95	795.10
			Excluding free issues to labour and samples	
			1.14	4.13
ii Others	—	—	0.51	0.58

14 Opening and Closing Stock of Goods

	<u>Opening Stock</u> Kgs in Lakhs	<u>Closing Stock</u> Kgs in Lakhs
Tea	118.12 (107.09)	80.70* (118.12)*
Others	(0.43) (0.21)	0.50 (0.43)

* After adjustment of handling loss, free issue to labour, samples and other promotionals, etc 0.19 lakh kgs (0.14 lakh kgs)

15 Purchases and Sales of Goods and Services rendered

	<u>Purchases of Finished Goods for Resale</u>		<u>Sales and Services</u>	
	<u>Quantity</u> Kgs in Lakhs	<u>Value</u> Rs. in Lakhs	<u>Quantity</u> Kgs in Lakhs	<u>Value</u> Rs. in Lakhs
Tea	36.26 (42.60)	2648.50 (3254.76)	859.44 (826.53)	113221.44 (105237.79)
Others			various items	167.98 (113.29)
Services Rendered				97.47 (105.34)
				113486.89 (105456.42)
Less: Excise Duty				16.69 (9.10)
		2648.50 (3254.76)		113470.20 (105447.32)

Notes on Accounts

Schedule 22 (Continued)

16 Details of Raw Materials Consumed

	Quantity Kgs in Lakhs	Value Rs. in Lakhs
Tea	808.40 (375.99)	52950.35 (26116.33)
Green Leaf (Own Estates)*	70.45 (1419.28)	— —
(Purchases)	96.81 (502.37)	1184.03 (5184.73)
Others		790.37 (962.34)
		54924.75 (32263.40)

* Cost of Green leaf produced in the Company's own estate and consumed during the year is not readily ascertainable.

17 Value of Raw Materials, Stores and Spare Parts and Packing Materials consumed

	Raw Materials		Stores, Spare Parts & Packing materials	
	Value Rs. in Lakhs	% of total consumption	Value Rs. in Lakhs	% of total consumption
Imported	1978.21 (1606.54)	3.60 (4.98)	1470.00 (1427.01)	17.40 (10.32)
Indigenous	52946.54 (30656.86)	96.40 (95.02)	6977.38 (12396.43)	82.60 (89.68)
	54924.75 (32263.40)	100.00 (100.00)	8447.38 (13823.44)	100.00 (100.00)
			2008 Rs. in Lakhs	2007 Rs. in Lakhs

18 Earnings in Foreign Exchange

Value of Exports at F.O.B. *	14447.79	16149.87
Technical Service Fees- Gross**	80.99	89.69
Dividends - Gross ***	5479.01	460.78
Interest from Investments ****	617.34	620.83
Others (Freight, Insurance etc.)	608.95	660.59
	21234.08	17981.76

* Inclusive of amounts contracted for payments in Rupee

** Tax deducted at source - **Rs.8.33 Lakhs** (Rs. 8.97 Lakhs)

*** Tax deducted at source - **Rs. 223.76 Lakhs** (Rs. 54.16 Lakhs)

**** Tax deducted at source - **Rs.177.23 Lakhs** (Rs.14.26 Lakhs)

Tata Tea Limited

Notes on Accounts

Schedule 22 (Continued)

	2008 Rs. in Lakhs	2007 Rs. in Lakhs
19 Expenditure in Foreign Currency		
Selling Expenses	246.03	223.96
Foreign Travel	50.36	85.96
Other Expenses	471.67	188.90
20 Dividend remitted in foreign currency		
No. of share holders	1	1
No. of shares held in Lakhs	0.23	0.82
Net dividend remitted	3.43	9.85
Year	2006-07	2005-06
21 Value of Imports on C.I.F. basis		
Raw Materials	2055.70	1617.82
Stores, Spare Parts & Packing Materials	1481.09	1313.32
Capital Goods	13.43	10.13
22 Computation of Profit in accordance with Section 198 of the Companies Act, 1956		
	2008	Rs. in Lakhs 2007
Profit for the year before taxation as per Profit & Loss Account	38585.56	34976.66
Add :		
Directors' Remuneration	556.40	458.91
Provision for doubtful debts/advances	15.73	55.48
Diminution in the value of Long term investments	—	0.68
Amortisation of payments under Employees separation Scheme	878.04	878.04
	1450.17	1393.11
	40035.73	36369.77
Less :		
Provision for doubtful debts/ advances written back	121.54	16.55
Capital Profit on sale of fixed assets	18668.37	—
Profit on sale of Investments (net)	626.06	13658.69
	19415.97	13675.24
Net Profit	20619.76	22694.53
Commission to Directors :		
(i) Managing Director / Whole-time Directors	200.00	150.00
(ii) All other Directors *	150.00	100.00
	350.00	250.00

* within a limit of 1% of the net profits

Notes on Accounts

Schedule 22 (Continued)

		2008 Rs. in Lakhs	2007 Rs. in Lakhs
Directors' Remuneration			
(i) Managing Director / Whole-time Directors			
Salary	67.20	72.00	
Commission	200.00	150.00	
Short provision of earlier year's commission charged	35.00	20.00	
Expenditure on Gratuity and Superannuation schemes	15.68	16.80	
Estimated value of other benefits	80.87	88.96	
	398.75		347.76
(ii) Other Directors - Commission	150.00	100.00	
- Fee	9.65	11.15	
Excess provision of earlier year's written back	(2.00)	—	111.15
	556.40		458.91
(iii) Commission for 2006-07 from a Subsidiary Company to certain Directors - Rs 11.27 Lakhs (Rs 11.00 Lakhs).			
(iv) The above does not include share of recurring retirement benefits payable to a former Managing Director.			

23 a) Related Party Disclosure

Related Parties

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.

Subsidiaries

Tata Coffee Ltd
Consolidated Coffee Inc.
Eight 'O' Clock Coffee Company
Alliance Coffee Ltd.
Tata Tea Inc.
Tata Tea (GB) Capital Ltd.
Mount Everest Mineral Water Limited
Zhejiang Tata Tea Extraction Company Limited.

Associates

Rallis India Ltd
Estate Management Services Pvt Ltd, Sri Lanka
Watawala Plantations Ltd, Sri Lanka
Amalgamated Plantations Pvt Ltd.
Energy Brand Inc. (Associate of Subsidiary)
(Till 22.10.2007)

Joint Venture of Subsidiaries

Tetley ACI (Bangladesh) Ltd
Southern Tea LLC
Empirical Group LLC
Tetley Clover (Private) Ltd.
Joekels Tea Packers (Proprietary) Ltd. (South Africa)
Tata Coffee (Uganda) Ltd.

Key Management Personnel

Mr. P.T. Siganporia - Managing Director
Mrs. Sangeeta Talwar - Executive Director

Promoter

Tata Sons Ltd.

Tata Tea Limited

Notes on Accounts

Schedule 22 (Continued)

Particulars of transactions during the year ended 31st March, 2008 Rs/Lakhs

Nature of Transactions	Subsidiaries	Associates/ Joint Ventures	Promoter	Key Management Personnel	Total
Sale of Goods & Services	11921.43 (13428.47)	334.09 (333.54)	0.59 (—)	— —	12256.11 (13762.01)
Rent received	— (2.32)	— (—)	— (—)	— (—)	— (2.32)
Technical Service Fees received	80.99 (89.69)	— (—)	— (—)	— (—)	80.99 (89.69)
Rent Paid	— (—)	— (—)	13.50 (—)	— (—)	13.50 (—)
Purchase of Goods & Services	669.46 (584.02)	17192.83 (47.69)	— (—)	— (—)	17862.29 (631.71)
Other Expense	— (—)	— (—)	335.72 (—)	— (—)	335.72 (—)
Cost arising out of Transfer of North India Plantation Division	— (—)	307.21 (—)	— (—)	— (—)	307.21 (—)
Dividend/Interest received	7188.03 (1379.24)	1510.14 (438.79)	122.85 (—)	—	8821.02 (1818.03)
Dividend Paid	29.74 (23.79)	— (—)	2113.08 (—)	0.11 (0.09)	2142.93 (23.88)
Investments Sold	— (—)	— (—)	— (—)	0.25 (—)	0.25 (—)
Consideration for Transfer of North India Plantation Division	— (—)	36565.03 (—)	— (—)	— (—)	36565.03 (—)
Investments Made	16530.76 (109258.54)	— (—)	— (—)	— (—)	16530.76 (109258.54)
Share Capital Subscribed	— (—)	— (—)	18229.88 (—)	— (—)	18229.88 (—)
Directors Remuneration	— (—)	— (—)	— (—)	398.75 (347.76)	398.75 (347.76)
Outstanding at the year end :					
Debit	3422.84 (3710.75)	34400.52 (0.56)	— (—)	— (—)	— (—)
Credit	262.14 (9.36)	— (—)	164.20 (—)	200.00 (150.00)	— (—)

Notes on Accounts

Schedule 22 (Continued)

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

			Rs. in Lakhs	
			2007-08	2006-07
1	Sale of Goods and Services	Tata Tea (GB) Ltd.	2476.92	3302.93
		Tetley Australia Pty Ltd.	3984.43	3738.20
		Tetley Polska sp. Zo.o Poland	1511.38	1639.42
		Tata Tea Inc	3463.66	4388.91
2	Technical Service Fees received	Tata Tea Inc	80.99	89.69
3	Purchase of Goods	Stansand (Africa) Ltd.	326.68	175.44
		Stansand (Central Africa) Ltd.	225.95	81.75
		Watawala Plantations Ltd.	136.21	47.69
		Amalgamated Plantations Pvt Ltd.	17054.62	—
4	Rent Paid	Tata Sons Ltd.	13.50	—
5	Other Expense	Tata Sons Ltd.	335.72	—
6	Cost arising out of Transfer of North India Plantation Division	Amalgamated Plantations Pvt Ltd.	307.21	—
7	Dividend and Interest Received	Tata Tea (GB) Ltd.	2198.61	620.83
		Tata Tea (GB) Capital Ltd.	2360.55	—
		Tata Coffee Ltd.	1161.73	528.86
		Consolidated Coffee Inc.	1066.03	—
		Amalgamated Plantations Pvt Ltd.	1114.99	—
		Tata Sons Ltd	122.85	—
8	Dividend Paid	Tata Coffee Ltd.	29.74	23.79
		Tata Sons Ltd.	2113.08	—
9	Consideration for Transfer of North India Plantation Division	Amalgamated Plantations Pvt Ltd.	36565.03	—
10	Investments Sold	Mr. P. T. Siganporia	0.25	—
11	Investments Made	Mount Everest Mineral Water Ltd.	15434.83	—
12	Share Capital Subscribed	Tata Sons Ltd	18229.88	—

Tata Tea Limited

Notes on Accounts

Schedule 22 (Continued)

Rs. in Lakhs

24 Segment Report for the year ended 31st March,2008

The company has only one reportable primary segment i.e. tea. It has identified Geographical segment as the secondary segment. Disclosure is given herewith.

By Geographical Segments

	India	Outside India	Total
Sales Revenue	98332.47 (88547.17)	15137.73 (16900.15)	113470.20 (105447.32)
Segment Assets	35412.30 (49062.24)	82.07 (56.10)	35494.37 (49118.34)
Purchase of Tangible Fixed Assets	762.41 (1842.83)	0.98 —	763.39 (1842.83)

Geographical Segment:

Segmentation of revenue is on the basis of geographical location of the customers.

Segmentation of assets is on the basis of geographical location of assets.

25 Post Retirement Employee Benefits :

The Company operates defined contribution schemes like provident fund and defined contribution superannuation schemes. For these schemes, contributions are made by the Company, based on current salaries, to recognized funds maintained by the Company and for certain categories contributions are made to State Plans. In case of Provident fund schemes, contributions are also made by the employees. An amount of Rs. 500.81 Lakhs (P.Y. Rs. 1360.37 Lakhs) has been charged to the Profit & Loss Account on account of defined contribution schemes.

The Company also operates defined benefit schemes like retirement gratuity, defined superannuation benefits and post retirement medical benefits. The superannuation benefits and medical benefits are restricted to certain categories of employees. The defined benefit schemes offer specified benefits to the employees on retirement. Annual actuarial valuations are carried out by an independent actuary in compliance with Accounting Standard 15 (revised 2005) on Employee Benefits. Wherever recognized funds have been set up, annual contributions are also made by the Company. Employees are not required to make any contribution.

Amounts recognized in the Balance Sheet are as follows:

Rs. in Lakhs

	Pension		Gratuity		Medical	
	2008	2007	2008	2007	2008	2007
Present value of funded obligation	1475.37	2076.93	1521.69	4107.06	—	—
Fair Value of Plan Assets	1645.22	2224.62	1409.94	3946.27	—	—
	(169.85)	(147.69)	111.75	160.79	—	—
Present Value of Unfunded Obligation	371.58	831.67	—	—	1556.31	1572.00
Amount not recognized as an asset (limit in Para 59(b))	—	—	0.45	—	—	—
Net Liability	201.73	683.98	112.20	160.79	1556.31	1572.00

Notes on Accounts

Schedule 22 (Continued)

Amounts recognized in the Profit and Loss Account and charged to Contribution to Funds, Staff Welfare and Insurance Expenditure are as follows:

Rs. in Lakhs

	Pension		Gratuity		Medical	
	2008	2007	2008	2007	2008	2007
Current Service Cost	—	81.63	66.92	231.51	58.65	58.41
Interest on obligation	193.69	285.49	99.80	296.55	131.66	119.04
Expected Return on plan assets	(165.95)	(167.41)	(96.03)	(289.48)	—	—
Net actuarial loss/ (gain) recognized during the year	(146.61)	(295.84)	78.42	(132.56)	(171.99)	(126.22)
Other Credits	(94.31)	(18.56)	(44.80)	—	—	—
Effects of the limit in Para 59(b)	—	—	0.45	—	—	—
Loss/ (gain) on curtailment / settlement	—	(818.26)	—	—	—	—
Total Included in employee Benefit	(213.18)	(932.95)	104.76	106.02	18.32	51.23

Reconciliation of opening and closing balances of the present value of the obligations:

Rs. in Lakhs

	Pension		Gratuity		Medical	
	2008	2007	2008	2007	2008	2007
Opening defined benefit obligation	2908.60	3957.77	4107.06	4016.32	1572.00	1559.67
Current Service Cost	—	81.63	66.92	231.51	58.65	58.41
Interest Cost	193.69	285.49	99.80	296.55	131.66	119.04
Actuarial loss/ (gain)	(125.20)	(291.72)	149.54	(29.02)	(171.99)	(126.22)
Loss /(Gain) on curtailment	—	(818.26)	—	—	—	—
Liabilities extinguished on settlement	(454.28)	—	—	—	—	—
Liabilities settled on Divestiture	(429.04)	—	(2791.32)	—	—	—
Benefit Paid	(246.82)	(306.31)	(110.31)	(408.30)	(34.01)	(38.90)
Closing Defined Benefit Obligation	1846.95	2908.60	1521.69	4107.06	1556.31	1572.00

Reconciliation of opening and closing balances of the fair value of plan assets:

Rs. in Lakhs

	Pension		Gratuity	
	2008	2007	2008	2007
Opening fair value of Plan Assets	2224.62	2311.12	3946.27	3961.55
Expected Return on plan assets	165.95	167.41	96.03	289.48
Actuarial gain/ (loss)	21.41	4.12	71.12	103.54
Asset distributed on settlement	(454.28)	—	—	—
Contribution by employer	(97.29)	—	198.15	—
Assets settled on Divestiture	—	—	(2791.32)	—
Transfer from forfeiture reserve	—	18.56	—	—
Benefits Paid	(215.19)	(276.59)	(110.31)	(408.30)
Closing Fair value of Plan Assets	1645.22	2224.62	1409.94	3946.27
Actual Return on Plan Assets	187.36	171.53	167.15	393.02

Tata Tea Limited

Notes on Accounts

Schedule 22 (Continued)

Major Categories of Plan Assets as a percentage of fair value of the total plan assets:

Govt of India Securities	5%
PSU bonds	2%
Insurance managed Funds	93%
Total	100%

Effect of increase/ decrease of one percentage point in the assumed medical inflation rates:

Rs. in Lakhs

	Increase		Decrease	
	2008	2007	2008	2007
Effect on aggregate of interest cost and service cost	13.84	18.76	(21.96)	(17.05)
Effect on defined benefit obligation	155.63	157.20	(141.48)	(142.91)

Principal Actuarial assumptions used:

	2008	2007
Discount rates	8.20%	8.20%
Expected rate of return on plan assets	8%	8%
Expected salary increase rates	4% and 5% based on employee category	4% and 5% based on employee category
Medical inflation rate	8%	8%
Mortality rates	LIC 1994-96 mortality tables	LIC 1994-96 mortality tables

The estimates of future salary increases considered in the actuarial valuation takes into account factors like inflation, future salary increases, supply and demand in the employment market etc. The expected return on plan assets is based on actuarial expectation of the average long term rate of return expected on investments of the Funds during the estimated term of the obligations.

The contribution expected to be made by the Company for the year ended 31st March, 2009 has not been ascertained.

26 Disclosure requirement for Derivatives Instruments

The Company uses foreign currency hedges to manage its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company does not use hedges for speculative purposes.

- a) The outstanding forward exchange contracts for receivables in foreign currency as at 31st March, 2008 are:

No of Contracts	US\$ in Lakhs	Rupee Equivalent in Lakhs
19	62.50	2502.39
(10)	(55.00)	(2500.43)

Notes on Accounts

Schedule 22 (Continued)

- b) The outstanding currency options for receivables in foreign currency as at 31st March, 2008 are:

No of Contracts	US\$ in Lakhs	Rupee Equivalent in Lakhs
12	544.07	22502.76
(1)	(30.00)	(1383.00)

- c) The year end foreign currency exposures of monetary items that have not been hedged are:

	US\$ equivalent in Lakhs	Rs. in Lakhs
Amounts receivable in foreign currency	12.67 (2.94)	508.32 (127.60)
Amounts payable in foreign currency	2.09 (7.45)	83.78 (323.34)

- d) In the previous year option contracts were marked to market at the balance sheet date and the gain/loss was recognised in the profit and loss account. Had the previous year's accounting policy been followed the profit for the year would have been lower by **Rs. 245.35 Lakhs** with a corresponding impact on hedging reserve account.

- 27** Unless otherwise stated, figures in bracket relate to the previous year and have been rearranged /regrouped, wherever necessary. These figures are not strictly comparable with the figures reported for the current year, due to the transfer of North India Plantation Division during the current year.

Tata Tea Limited

Balance Sheet Abstract & Company's General Business Profile**I. REGISTRATION DETAILS**

Registration No.	31425	State Code	21
Balance Sheet Date	31.03.2008		

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue	Nil	Rights Issue	2810000
Bonus Issue	Nil	Private Placement	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities	30847210	Total Assets	30847210
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SOURCES OF FUNDS

Paid Up Capital	618399	Share Warrants	0
Reserves & Surplus	17422067	Secured Loans	5425051
Unsecured Loans	2150000	Deferred Taxation	78265

APPLICATION OF FUNDS

Net Fixed Assets	980906	Investments	21937731
Net Current Assets	2611388	Miscellaneous Expenditure	163757
Accumulated Losses	Nil		

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (Total Income)	11347020	Total Expenditure	10336420
Profit/(Loss) Before Tax	3858556	Profit/(Loss) After Tax	3128556
Earnings Per Share (in Rs.)	50.79	Dividend Rate	

V. GENERIC NAMES OF TWO PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY

Item Code No. (ITC Code)	9023000
Product Description	BLACK TEA
Item Code No. (ITC Code)	21012001
Product Description	INSTANT TEA

R. N. Tata
Chairman

R. K. Krishna Kumar
Vice Chairman

Y. H. Malegam
D. B. Engineer
F. K. Kavarana
U. M. Rao
Dr. Amrita H. Patel
A. R. Gandhi
P. D. Unsworth
Directors

P. T. Siganporia
Managing Director
Ms. Sangeeta Talwar
Wholetime Director
D. K. Sen
Vice President & Secretary

Mumbai, May 30, 2008

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	Year ended March 31, 2008	Year ended March 31, 2007
	Rs. in Lakhs	Rs. in Lakhs
A. Cash Flow from Operating Activities		
Net Profit before Tax	38585.56	34,976.66
Adjusted for :		
Depreciation	1016.56	1854.27
Investment Income	(10360.32)	(7295.69)
Unrealised Exchange (Gain)/Loss	85.49	(125.67)
Interest Expense	4120.18	1876.39
Interest Income	(1932.20)	(713.87)
Profit on sale of Investments (net)	(626.06)	(280.61)
Provision for Doubtful Debts and Advances	15.73	55.48
Liabilities no longer required written back	(394.19)	(483.73)
Debts and Advances written off	79.79	59.03
Provision for Doubtful Debts/Advances no longer required written back	(121.54)	(16.55)
Diminution in value of Long Term Investments	—	0.68
Loss on sale / discard of Fixed Assets (net)	14.59	30.93
Interest on loans for acquisition	2447.37	2668.23
Profit on sale of North India Plantation Division	(16169.40)	—
Other Exceptional Items	548.87	(13318.30)
	<u>(21275.13)</u>	<u>(15689.41)</u>
Operating Profit before working capital changes	17310.43	19287.25
Adjustments for :		
Trade and other receivables	(4235.47)	(2490.61)
Inventories	(2131.72)	(4043.95)
Trade Payables	3767.14	(564.07)
	<u>(2600.05)</u>	<u>(7098.63)</u>
Cash generated from Operations	14710.38	12188.62
Employee Separation Schemes	—	(27.16)
Direct Taxes paid	(5913.82)	(4539.06)
	<u>(5913.82)</u>	<u>(4566.22)</u>
Net Cash from Operating Activities	8796.56	7622.40
B. Cash Flow from Investing Activities		
Cost arising out of transfer of North India Plantation Division	(336.96)	—
Purchase of Fixed Assets	(1560.63)	(1578.90)
Sale of Fixed Assets	524.41	67.01
Purchase of Long Term Investments	(13.35)	(172.06)
Sale of Investment in Subsidiary Co	0.50	18043.45
Investments in Subsidiaries	(16530.76)	(109258.54)
(Purchase)/Sale of Current Investments (net)	2384.17	11136.79
Investment Income (Refer note 3)	9431.80	6622.72
Interest received	598.78	405.75
Inter Corporate Deposits & Loans refunded	95.50	1000.00
Net cash used for Investing Activities	(5406.54)	(73733.78)

Tata Tea Limited

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008 (Contd.)

	Year ended March 31, 2008	Year ended March 31, 2007
C. Cash Flow from Financing Activities		
Proceeds from Issuance of Shares on Preferential Basis	18229.88	21833.70
Proceeds from Issuance of Share Warrants	—	2183.37
Proceeds from Long Term Borrowings	32500.00	2250.00
Debenture Issue Cost	(98.86)	—
Proceeds from bridge loans taken from banks for acquisitions	—	75000.00
Repayment of bridge loans taken from banks for acquisitions	(55000.00)	(20000.00)
Repayment of Long Term Borrowings	(11025.49)	(3676.69)
Working Capital Facilities (net)	11193.60	1,998.46
Availment of Short Term Loan	17000.00	—
Dividend paid	(9253.76)	(6775.75)
Dividend Tax paid	(1576.45)	(946.18)
Interest paid	(3395.96)	(1837.73)
Interest on loans for acquisition paid	(2688.95)	(2426.65)
Net Cash (used in) / from Financing Activities	(4115.99)	67602.53
Net increase / (decrease) in Cash and Cash Equivalents	(725.97)	1491.15
D. Cash and Cash Equivalents		
Opening Balance	2153.12	661.97
Cash balance transferred on transfer of NIPD	(23.57)	—
Cash balance vested on Amalgamation	—	—
Closing Balance	1403.58	2153.12

Notes:

1. Cash and Cash Equivalents include effect of exchange rate changes amounting to **Rs.1.78 Lakhs** (Rs. 4.03 Lakhs) in respect of bank balances held in foreign currency.
2. 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 the Institute of Chartered Accountants of India.
3. Investment Income includes Dividend Income **Rs. 8618.13 Lakhs** (Rs. 6116.09 Lakhs) and Interest Income **Rs. 813.67 Lakhs** (Rs. 506.63 Lakhs).
4. For transfer of North India Plantation Division refer note 6 in Schedule 22.
5. Previous year's figures have been rearranged/regrouped wherever necessary. These figures are not strictly comparable with the figures reported for the current year, due to the transfer of estates in North India Plantation Division during the year.

This is the Cash Flow statement referred to in our Report of even date.

For **N. M. Raiji & Co.**
Chartered Accountants

J M Gandhi
Membership No. 37924
Partner

For **Lovelock & Lewes**
Chartered Accountants

Partha Mitra
Membership No. 50553
Partner

R. N. Tata
Chairman

R. K. Krishna Kumar
Vice Chairman

Y. H. Malegam
D. B. Engineer
F. K. Kavarana
U. M. Rao
Dr. Amrita H. Patel
A. R. Gandhi
P. D. Unsworth
Directors

P. T. Siganporia
Managing Director
Ms. Sangeeta Talwar
Wholtime Director
D. K. Sen
Vice President & Secretary

Mumbai, May 30, 2008

Financial Highlights

	Rs. in Lakhs									
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Total Income	126329	114611	104017	95024	83845	80684	81606	89116	97449	90119
Profit before Tax	38586	34977	23052	16215	12023	10010	8581	12761	16507	18476
Tax	7300	4320	4359	3323	2870	2950	1385	2740	4050	5600
Profit after Tax	31286	30657	18693	12892	9153	7060	7196	10021	12457	12876
Dividend payout	25322@	10852@	7693@	6410@	5403@	4439@	3935	5576@	5502@	5937
Equity Capital	6184	5903	5622	5622	5622	5622	5622	5622	5622	4862
Share Warrants	—	2183	—	—	—	—	—	—	—	—
Reserves & Surplus	174221	148469	110505##	99275	91903\$	92241	91177#	84076	79588	45604
Shareholders' Funds	180405	156555	116127	104897	97525	97863	96799	89698	85210	50466
Borrowings	75751	79700	24136	19137	19736	22539	21424	23903	26975	23886
Capital Employed	256156	236255	140263	124035	117261	120401	118222	113601	112185	74352
Net Block	9810	24658	25031	30269	31288	33263	34081	33322	31373	28551
Contribution to Exchequer	8270	5358	5654	5719	4456	3833	3498	4762	6130	8739
Payments relating to Employees	7183	17915	17631	21892	21694	23368	24360	23199	20953	17974
No. of Employees	2510	34506	34596	51929	55665	56099	57736	58888	59740	60460
Book value per Share (Rs.) *	288.19	261.51	202.67	182.69	169.58	170.18	168.29	155.66	147.68	92.22
Earnings per Share (Rs.)	50.79**	53.56**	33.25	22.93	16.28	12.56	12.80	17.82	25.38**	26.48
Dividend per Share (Rs.)	35.00&	15.00	12.00	10.00	8.50	7.00	7.00	9.00	10.10	11.00
Total Debt to Equity *	0.43	0.52	0.21	0.19	0.21	0.24	0.23	0.27	0.32	0.53

Consolidated Financial Highlights

Total Income	443201	410323	315112	307673	294651	296778^	307133
Profit before Tax	205928	56561	41840	31372	28771	17891^	12665
Net Profit	154255	44335	29915	21547	19643	8254^	9867
Book value per Share (Rs.) *	557.34	359.96	275.27	266.26	234.97	207.20	188.28
Basic Earnings per Share (Rs.)	250.41	77.46	53.21	38.33	34.95	14.68^	17.55
Total Debt to Equity *	0.59	1.67	1.03	1.02	1.28	1.42	1.53

@ Includes Tax On Dividend

& Includes one time special dividend of Rs. 20 per share

* Computation excludes Investment Revaluation Reserves.

** On the average Share capital for the year/period.

After deduction of Rs 3434 Lakhs being the deferred tax liability of previous years, and inclusive of Rs 7276.07 Lakhs credited pursuant to a scheme of amalgamation.

Inclusive of Rs 288.47 Lakhs credited pursuant to a scheme of amalgamation.

\$ After deduction of Rs 4100 Lakhs of Miscellaneous Expenditure to the extent not written off or adjusted, pursuant to the order of the Hon'ble High Court of Kolkata.

^ As the accounting period of Tata Tea GB Ltd, UK based subsidiary, was for a period of thirteen months, figures have been restated for a twelve month period.

Tata Tea Limited**Statement of approximate Area, Crop and Yield**

	Estate	Address	Hectarage	Crop (Kgs)	Yield/ Bearing Hect(kgs)
Tea	Kerala				
	Periakanal	PO Munnar Dist. Idukki Kerala 685 612	334.68	906769	2709
	Pullivasal	PO Munnar Dist. Idukki Kerala 685 612	424.76	913603	2151
		Total Kerala	759.44	1820372	2397

Auditors' Report on Consolidated Financial Statements

REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF TATA TEA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TATA TEA LIMITED AND ITS SUBSIDIARIES

1. We have audited the attached Consolidated Balance Sheet of Tata Tea Limited ("the company") and its subsidiaries ("the Group") as at March 31, 2008, the Consolidated Profit and Loss Account for the year ended on that date annexed thereto, and the Consolidated Cash Flow Statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 7,83,918.45 lakhs as at March 31, 2008, total revenues of Rs.3,10,023.24 lakhs and total net cash inflows of Rs. 1,21,489.56 lakhs for the year ended on that date and associates whose financial statements reflect the Group's share of profit up to March 31, 2008 of Rs. 6260.55 lakhs and Group's share of profit of Rs. 2,886.73 lakhs for the year ended on that date as considered in the consolidated financial statements.
These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these subsidiaries and associates, is based solely on the report of the other auditors.
4. The group's share of profit/loss upto March 31, 2008 and for the year ended on that date in one of the associates have not been considered for the reason stated in Note 1(b)(ii) in Schedule 24.
5. The management approved financial statements of the Joint Venture Company of one of the subsidiary have been considered for the consolidation. The total assets and liabilities of Joint Venture Company considered in consolidation as at March 31, 2008 are Rs. 0.57 lacs and Rs. 0.24 lacs respectively. Our opinion on the consolidated financial statements so far as it relates to the financials of the Joint Venture Company of the subsidiary is based solely on such management approved accounts.
6. We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, Accounting Standard 23, Accounting for investments in Associates in Consolidated Financial Statements and Accounting Standard 27, Financial Reporting of interest in Joint Ventures issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Tata Tea Limited and its subsidiaries and associates and management approved accounts of Joint Venture Company included in the consolidated financial statements.
7. On the basis of the information and explanations given to us and on consideration of the separate audit reports on individual audited financial statements and where available consolidated financial statements of Tata Tea Limited and its aforesaid subsidiaries and associates and management approved financial statements of the joint venture of a subsidiary, in our opinion, subject to our remarks in paragraph 4 above the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at 31 March 2008;
 - (b) in the case of the consolidated profit and loss account, of the consolidated results of operations of the Group for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the consolidated cash flows of the Group for the year ended on that date.

For **N.M. RAIJI & CO**
Chartered Accountants
J M GANDHI
Membership No : 37924
Partner
Mumbai, May 30, 2008

For **LOVELOCK & LEWES**
Chartered Accountants
PARTHA MITRA
Membership No : 50553
Partner
Mumbai, May 30, 2008

Tata Tea Limited

Consolidated Balance Sheet as at 31st March, 2008

	Schedule	2008	2007	Rs. in Lakhs
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	6164.17	5883.17	
Share Warrants		—	2183.37	
Reserves and Surplus	2	341871.64	205333.05	
		348035.81		213399.59
Minority Interest		98298.28		64868.61
Loan Funds				
Secured Loans	3	237544.15	402219.35	
Unsecured Loans	4	23386.49	55556.71	
		260930.64		457776.06
Deferred Tax Liability (Net)	14	3678.11		4116.59
TOTAL		<u>710942.84</u>	<u>740160.85</u>	
APPLICATIONS OF FUNDS				
Fixed Assets	5			
Gross Block		430974.86	714249.87	
Less : Depreciation		62858.13	69519.92	
Net Block		368116.73	644729.95	
Add :Capital Work-in-progress		5003.39	1591.66	646321.61
Investments	6	139100.66		61219.75
Current Assets, Loans & Advances				
Inventories	7	54502.71	52432.90	
Sundry Debtors	8	44220.49	42675.33	
Cash & Bank Balances	9	132319.60	11876.49	
Other Current Assets	10	39584.82	1323.14	
Loans and Advances	11	67223.45	29836.41	
		337851.07	138144.27	
Less : Current Liabilities & Provisions				
Liabilities	12	109141.76	92536.51	
Provisions	13	31648.81	15555.01	
		140790.57	108091.52	
Net Current Assets		197060.50		30052.75
Miscellaneous Expenditure to the extent not written off or adjusted		1661.56		2566.74
TOTAL		<u>710942.84</u>	<u>740160.85</u>	
Notes on Accounts	24			

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

This is the Consolidated Balance Sheet referred to in our Report of even date.

For **N. M. Rajji & Co.**
Chartered Accountants

For **Lovelock & Lewes**
Chartered Accountants

R. N. Tata
Chairman

Y. H. Malegam
D. B. Engineer

P. T. Siganporia
Managing Director

J M Gandhi
Membership No. 37924
Partner

Partha Mitra
Membership No. 50553
Partner

R. K. Krishna Kumar
Vice Chairman

U. M. Rao
Dr. Amrita H. Patel
A. R. Gandhi
P. D. Unsworth
Directors

Ms. Sangeeta Talwar
Wholetime Director
D. K. Sen
Vice President & Secretary

Mumbai, May 30, 2008

Consolidated Profit and Loss Account for the year ended 31st March, 2008

	Schedule	2008	Rs. in Lakhs 2007
INCOME			
Sales and Services - Net	15	436568.69	402489.46
Other Income	16	2661.84	1965.24
Investment Income	17	3970.12	5868.41
		443200.65	410323.11
EXPENDITURE			
Purchases	18	17266.81	17296.17
Raw Materials Consumed	19	121257.11	92124.57
Expenses	20	226627.90	229345.57
Depreciation and Amortisation		9415.18	9857.15
Less: Amount drawn from Revaluation Reserve		(252.22)	(186.65)
(Accretion)/ Decretion to Stock	21	3061.39	(4730.85)
		377376.17	343705.96
		65824.48	66617.15
Interest			
(net of interest income Rs. 8641.86 lakhs (Rs. 1290.54 lakhs))		(6085.56)	(10681.87)
Interest on loans for acquisitions		(16049.95)	(16610.97)
Exchange gain		5618.31	3471.47
Exceptional Income / (Expenditure)	23	156620.48	13765.36
Profit before Taxation		205927.76	56561.14
Provision for Taxation	22	15339.76	10760.34
Profit after Taxation before share of results of Associates and Minority Interests		190588.00	45800.80
Share of net profit in Associates		2886.73	1794.63
Minority Interests		(39220.02)	(3260.20)
Net Profit		154254.71	44335.23
Balance Brought forward		60453.33	46349.06
		214708.04	90684.29
APPROPRIATIONS			
Dividend :			
- Final		21643.95	9275.99
- Tax on Dividend		3678.39	1576.45
		25322.34	10852.44
Transfer to Debenture Redemption Reserve		904.46	992.35
Transfer to General Reserve		4515.34	18386.17
Balance Carried Forward		183965.90	60453.33
Basic and Diluted Earnings per share (Rs.)		250.41	77.46
Notes on Accounts	24		

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

This is the Consolidated Profit & Loss Account referred to in our Report of even date.

For **N. M. Raiji & Co.**
Chartered Accountants

For **Lovelock & Lewes**
Chartered Accountants

R. N. Tata
Chairman

Y. H. Malegam
D. B. Engineer

P. T. Siganporia
Managing Director

J M Gandhi
Membership No. 37924
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Partha Mitra
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A. R. Gandhi
P. D. Unsworth
Directors

Ms. Sangeeta Talwar
Wholetime Director

D. K. Sen
Vice President & Secretary

Mumbai, May 30, 2008

Tata Tea Limited
Schedules forming part of the Consolidated Balance Sheet

	2008	Rs. in Lakhs 2007			
Schedule 1					
SHARE CAPITAL					
Authorised					
750,00,000 Equity Shares of Rs.10 each	7500.00	7500.00			
Issued, Subscribed and Paid-up					
618,39,857 (590,29,857) Equity Shares of Rs.10 each, fully paid-up	6183.99	5902.99			
Less: Held by a Subsidiary Company	(19.82)	(19.82)			
Of the above,					
(a) 72,38,073 Shares have been allotted as fully paid pursuant to a contract without payment being received in cash.					
(b) 331,80,674 Shares have been allotted as fully paid Bonus Shares by capitalisation of General Reserve and Securities Premium Account.					
(c) During the year 28,10,000 Share warrants were converted into fully paid Equity Shares of Rs. 10 each at a premium of Rs. 716.45 per share (Refer schedule 24, note 5a).					
	6164.17	5883.17			
Schedule 2					
RESERVES AND SURPLUS					
	2007	Additions	Deductions		
Capital Reserve	1039.47	—	—	1039.47	1039.47
Capital Subsidy Reserve	30.10	—	—	30.10	30.10
Capital Redemption Reserve	10.41	—	—	10.41	10.41
Revaluation Reserve	4733.51	—	252.22	4481.29	4733.51
Contingency Reserve	100.00	—	—	100.00	100.00
Debenture Redemption Reserve	4252.83	904.46	—	5157.29	4252.83
Securities Premium Account	46439.11	26745.70 #	98.86 ^	73085.95	46439.11
Exchange Fluctuation Reserve	15547.19	1357.59	19049.58	(2144.80)	15547.19
Hedging Reserve	—	—	1861.15 \$	(1861.15)	—
General Reserve	71894.57	5280.08	—	77174.65	71894.57
Amalgamation Reserve	832.53	—	—	832.53	832.53
	144879.72	34287.83	21261.81	157905.74	144879.72
Profit & Loss Account				183965.90	60453.33
				341871.64	205333.05

^ Represents write off of expenses incurred on issue of 9.40% Non Convertible Debentures in the holding company.

Includes premium on issue of shares in Holding Company.

\$ Refer Schedule 24, note (1) (r)

Schedules forming part of the Consolidated Balance Sheet

	2008	2007
Schedule 3		
SECURED LOANS		
90, 6% Non convertible, privately placed, Debentures of Rs. 100 lakhs each	—	9000.00
Secured by way of a first mortgage on certain immovable properties of the holding company and the pledge of shares of a company and a subsidiary held as investments by the holding company.		
3250, 9.40% Non-convertible, privately placed, Debentures of Rs. 10 lakhs each.	32500.00	—
Redeemable at par on 8.11.2010, at the end of 3 years from the date of allotment 7.11.2007. The debentures are secured by way of a first mortgage on certain immovable properties of the holding company and pledge of shares of a company and a subsidiary held as investments by the holding company.		
750, 4% Secured Redeemable Non-Convertible, privately placed, Debentures	5025.00	7500.00
Redeemable at a premium, in three instalments of 33%, 33% and 34% respectively at the end of the 2nd, 3rd and 4th years from the date of allotment i.e. 25.11.2005. Accordingly the first installment has been redeemed during the year.		
Secured by a charge on certain immovable assets of a subsidiary.		
7% Secured Redeemable Non Convertible Debentures	2685.42	2685.42
Redeemable at par, in three equal instalments, at the end of the 4th, 5th and 6th years from the date of allotment i.e 29.12.2006.		
Secured by a charge on certain immovable assets of a subsidiary.		
From Banks		
Term Loan from HDFC Bank Limited	—	4500.00
Secured by way of a mortgage on certain immovable properties of the holding company and pledge of shares of a company and a subsidiary held as investments, by the holding company, ranking pari passu with charge created in favour of the debenture trustees.		
Term Loan from ICICI Bank Limited	1607.14	2250.00
Secured by way of charge on certain immovable properties / other assets of the holding company. Creation of the above charge is pending.		
Loan from Sun Trust Bank	—	5340.04
Secured by the property, plant and equipment of an overseas subsidiary.		
Working Capital Facilities	27093.25	10188.62
Secured by way of hypothecation of inventories, crop, book debts and movable assets, other than plant and machinery and furniture, of the holding company. For an Indian subsidiary, working capital facility is secured by hypothecation of coffee crop, stocks and receivables, whilst a part of the cash credit funding is also secured by deposit of title deeds of a coffee estate. For an overseas subsidiary working capital facilities are secured by specific security over the assets of overseas subsidiary and cash deposits. For another overseas subsidiary working capital facilities are secured by account receivables and inventory.		
Term Loan	—	2400.00
Secured by deposit of title deeds of a coffee estate.		
Senior Debt*	168633.34	244111.29
Subordinated Revolving Credit Facility**	—	114243.98
	237544.15	402219.35

* Debts are secured by specific security over the assets of overseas subsidiaries.

** Debts are secured by specific security over the assets of an overseas subsidiary.

Tata Tea Limited

Schedules forming part of the Consolidated Balance Sheet

	Rs. in Lakhs	
	2008	2007
Schedule 4		
UNSECURED LOANS		
Short Term Loans		
From Banks		
Short term loan from ICICI Bank Limited	17000.00	—
Bridge loans taken from banks for acquisition	—	55000.00
From Others	—	556.61
Other than Short Term		
From Banks		
Term Loan from HDFC Bank Limited	4500.00	—
Foreign Currency Loans	1404.55	—
From Others		
Others	481.94	—
From West Bengal Government (under Subsidised Housing Scheme for Plantation workers)	—	0.10
	23386.49	55556.71

Schedule 5
FIXED ASSETS

	Cost				Depreciation			Net Book Value as at 31.3.2008	Net Book Value as at 31.3.2007
	As at 1.4.2007	Assets transferred as per Scheme of Arrangement	Additions/ Adjustments	Deductions/ Adjustments	As at 31.3.2008	For the Year	To date		
TANGIBLE									
Land (including Development)	5404.10	120.79	46.77	20.51	5309.57*	—	0.16	5309.41	5403.94
Tea / Coffee Estate Land / Fuel Area (including Development)	4116.67	3361.00	—	0.07	755.60	—	—	755.60	4116.67
Buildings	22265.05	8158.49	913.73	253.99	14766.30	443.08	3925.32	10840.98	16720.51
Bridges	242.09	225.66	—	—	16.43	—	2.41	14.02	201.55
Plant & Machinery	96485.08	13501.81	4721.61	6175.16	81529.72**	6624.88	49445.90	32083.82	41163.59
Furniture, Fixtures & Office Equipment	9840.96	558.29	621.89	548.39	9356.17	872.82	6261.22	3094.95	3685.82
Motor Vehicles	2209.75	472.85	400.70	438.64	1698.96	201.09	988.47	710.49	780.14
INTANGIBLE									
Goodwill on Consolidation	555624.35	—	14491.63 ^	273448.09 %	296667.89	460.47 \$	762.28	295905.61	555294.62
Intangibles	17354.00	—	3818.40	1306.00	19866.40	646.28	1069.87 @	18796.53	16,891.23
Capitalised Software	707.82	—	—	—	707.82	141.56	377.50 +	330.32	471.88
Non Compete Fee	—	—	300.00	—	300.00	25.00	25.00	275.00	—
Total	714249.87	26398.89	25314.73	282190.85	430974.86	9415.18	62858.13	368116.73	644729.95
Previous Year	323028.01	—	405777.00	14555.14	714249.87	9857.15	69519.92	644729.95	
Capital Work-in-Progress (includes capital advances)								5003.39 #	
Previous Year								1591.66	

Notes:

- (*) Includes leasehold land of **Rs. 202.40 lakhs** (Rs.185.89 lakhs) belonging to two Indian subsidiaries.
- Cost of Buildings include **Rs. 589.84 lakhs** (Rs. 589.84 lakhs) represented by shares in Co-operative Housing Societies / a Company.
- Includes borrowing costs capitalised
- ** Plant and Machinery **Rs. 41.51 lakhs** (Rs. 217.82 lakhs)
- # Capital Work in Progress **Rs. 17.09 lakhs** (Rs. Nil)
- (^) Includes goodwill arising on consolidation of Mount Everest Mineral Water Ltd. and Zhejiang Tata Tea Extraction Company Ltd. amounting to **Rs. 14413.68 Lakhs**.
- (+) The accumulated amortisation as at the beginning of the year was **Rs. 235.94 lakhs** (Rs. 94.38 Lakhs).
- (\$) The impairment to goodwill represents amortisation of certain intangible assets included in goodwill under Indian GAAP, by an overseas subsidiary.
- Depreciation to date includes adjustment towards foreign exchange on restatement at the year end.
- Exchange differences arising due to restatement of fixed assets in overseas subsidiaries, as at year end, have been transferred to Exchange Fluctuation Reserves.
- The accumulated depreciation as at 1st April, 2007 on assets transferred to Amalgamated Plantations Private Limited (APPL) amounted to **Rs. 11,355.30 lakhs**
- Capital Work-in-Progress (including capital advances) transferred to APPL - **Rs. 139.63 lakhs**.
- (@) The accumulated amortization as at the beginning of the year was **Rs. 462.77 Lakhs** (Rs. Nil)
- Additions during the year include **Rs. 2379.74 Lakhs** (Accumulated Depreciation thereon **Rs. 806.61 Lakhs** and accumulated impairment **Rs. 50.45 Lakhs**) being the value of assets of a subsidiary company as on the date of acquisition.
- (%) Includes goodwill released on account of sale of an Associate of an overseas subsidiary amounting to **Rs. 250720.60 Lakhs**.
- Additions to buildings include leasehold improvements of **Rs. 13.99 lakhs** of an Indian subsidiary

Schedules forming part of the Consolidated Balance Sheet

Rs. in Lakhs

Schedule 6

	Face Value of each	Nos	2008	2007
INVESTMENTS				
Long Term (Fully Paid)				
Trade				
Quoted Equity Shares				
Associate				
Rallis India Ltd.	Rs.	10	2938713	199.65
Others				
Tata Chemicals Ltd.	Rs.	10	15545522	7346.59
The Indian Hotels Co Ltd (Note 1)	Re.	1	1406452 (1221680)	40.71
Indian Resort Hotels Ltd. (Note1)	Rs.	10	— (64670)	34.38
Tata Motors Ltd.	Rs.	10	20000	35.51
Tata Investment Corporation Ltd.	Rs.	10	100000	26.19
Tata Steel Ltd. (Note 2)	Rs.	10	10686 (8905)	3.67
Titan Industries Ltd.	Rs.	10	462403	295.24
Tata Consultancy Services Ltd.	Re.	1	395600	2.45
Quoted 6.75% Secured Redeemable Non Convertible Debentures				
Titan Industries Ltd.	Rs	250	28677	71.69
Quoted 2% Cum. Compulsory Convertible Preference Shares*				
Tata Steel Ltd (Note 2)	Rs.	100	8014	8.01
			8069.43	8056.08
* convertible into Equity Shares on September 1, 2009 in the ratio of [1 : 6]				
Long Term (Fully Paid)				
Trade				
Unquoted				
Associate				
7.5% Cumulative Redeemable Preference Shares				
Rallis India Ltd.	Rs	10	12000000	1200.00
Others				
7% Cumulative Redeemable Preference Shares				
Tata Autocomp Systems Ltd.	Rs	10	5000000	500.00

Tata Tea Limited

Schedules forming part of the Consolidated Balance Sheet

Rs. in Lakhs

Schedule 6

	Face Value of each		Nos	2008	2007
INVESTMENTS <i>(continued)</i>					
Long Term (Fully Paid)					
Trade					
Unquoted					
Equity/Ordinary Shares					
Associates					
Estate Management Services (Pvt) Ltd. *	LKR	10	15346800	1106.21	1106.21
Energy Brands Inc.	USD	0.01	— (3269258)	—	264057.79
Amalgamated Plantations Pvt Ltd (Note 4)	Rs	10	4988 (9998)	0.50	1.00
Others - Equity / Ordinary Shares					
Tata Sons Ltd.	Rs	1000	1755	975.00	975.00
Tata Services Ltd.	Rs.	1000	475	4.77	4.77
Tata Industries Ltd.	Rs.	100	4346294	5606.17	5606.17
NYK Line (India) Ltd.*	Rs.	10	300000	30.00	30.00
Taj Air Ltd.	Rs.	10	4200000	420.00	420.00
Project India Blend Ltd. (Note 3)	Rs	10	— (250000)	—	—
Kanan Devan Hill Plantations Company (Pvt) Ltd.	Rs	10	2500000	250.00	250.00
Chembra Peak Estates Ltd.	Rs.	10	3481	0.41	0.41
Wartyhully Estates Ltd.	Rs.	10	24748	0.93	0.93
Joonktolle Tea & Industries Ltd.	Rs.	10	11524	6.42	6.42
The Cochin Malabar Estates & Industries Ltd.	Rs.	10	2156	0.20	0.20
				10100.61	274158.90
(*) Sale of these investments requires first offer of sale to the Venture partners.					
Other than Trade					
Quoted - Equity Shares					
SBI Home Finance Ltd.	Rs.	10	100000	—	—
Industrial Development Bank of India	Rs.	10	16160 (31160)	13.13	25.32
Others					
6.75% Unit Trust of India Bonds	Rs.	100	720016	720.02	720.02
Money Market fund				3822.89	—
				4556.04	745.34
Unquoted					
In Government Securities					
W. B. Estates Acquisition Compensation Bond				0.08	0.08
				0.08	0.08

Schedules forming part of the Consolidated Balance Sheet

Rs. in Lakhs

Schedule 6

	Face Value of each	Nos	2008	2007
INVESTMENTS <i>(continued)</i>				
Long Term (Fully Paid)				
Others				
The Annamallais Ropeways Company Limited Ordinary Shares	Rs. 100	2092	—	—
Assam Bengal Cereals Ltd Ordinary Shares	Rs. 10	20000	2.00	2.00
Assam Hospitals Ltd Equity Shares	Rs. 10	200000	20.00	20.00
The Valparai Co-operative Wholesale Stores Ltd Ordinary Shares	Rs. 10	350	0.00	0.00
The Bengal Chamber of Commerce & Industry 6 1/2% Debentures	Rs. 1000	7	0.07	0.07
Woodlands Hospital & Medical Res. Centre Ltd. 5% Debenture Stock	Rs. 95000	1	0.44	0.44
Woodlands Hospital & Medical Res. Centre Ltd. 1/2% Debentures - (Cost Rs. 3)	Rs. 100	278	0.00	0.00
Suryakiran Apartment Services Private Ltd Equity Shares	Rs. 10	2146	0.21	0.21
Shillong Club Ltd - 5% Debentures (Cost Rs. 2)	Rs. 100	31	0.00	0.00
Jalpaiguri Club Ltd- Ordinary Shares (Cost Re.1)	Rs. 10	60	0.00	0.00
Thakurbari Club Ltd-Preference Shares (Cost Re.1)	Rs. 100	26	0.00	0.00
GNRC Ltd Equity Shares	Rs. 10	50000	5.00	5.00
IFCI Venture Capital Funds Ltd Equity Shares	Rs. 10	250000	25.00	25.00
Ritspin Synthetics Ltd Equity Shares	Rs. 10	200000	—	—
Coorg Orange Growers Co-operative Society Ltd Equity Shares	Rs. 100	4	—	—
Tata Coffee Co-operative Stores Limited Equity Shares	Rs. 5	20	—	—

Tata Tea Limited

Schedules forming part of the Consolidated Balance Sheet

Rs. in Lakhs

Schedule 6

	Face Value of each	Nos	2008	2007
INVESTMENTS (continued)				
Long Term (Fully Paid)				
Others				
Coorg Cardamom Co-operative Marketing Society Limited Equity Shares	Rs 100	1	—	—
TEASERVE - Equity Shares (The Tamil Nadu Tea Manufacturers' Service Industrial Co-operative Society Ltd)	Rs 5000	1	0.05	0.05
National Bank for Agriculture and Rural Development 5.50% Capital Gain Bonds	Rs 10000	30000	3000.00	3000.00
National Housing Bank 5.50% Capital Gain Bonds 2002	Rs 10000	11050	1105.00	1105.00
National Housing Bank 5.25% Capital Gain Bonds 2002	Rs 10000	9300	930.00	930.00
Rural Electrification Corporation Ltd 5.50% Non Convertible Redeemable Taxable Bonds Series V	Rs 10000	9300	930.00	930.00
Rural Electrification Corporation Ltd 5.50% Non Convertible Redeemable Taxable Bonds Series V	Rs 100000	50	50.00	0.00
National Bank for Agriculture and Rural Development 5.20% Capital Gain Bonds	Rs 10000	18600	1860.00	1860.00
			7927.77	7877.77
Current - Quoted (Fully Paid)				
Other than Trade				
Kotak Mutual Fund Units of Kotak Fixed Maturity Plan Series 2 - Institutional - Growth Scheme	Rs 10	2000000	200.00	200.00
UTI Mutual Fund Units of UTI Fixed Maturity Plan Dividend Option	Rs 10	— (5090085)	—	509.01
Tata Mutual Fund Units of Tata Liquid Super High Investment Fund Dividend Scheme	Rs. 1115	— (115688)	—	1289.36
Franklin Templeton Mutual Fund Franklin Templeton India Treasury Management Account Super Institutional Plan - Dividend Scheme	Rs 1000	— (245402)	—	2454.64
DWS Mutual Fund DWS Money Plus Fund. Institutional Plan - Dividend Scheme	Rs 10	— (9533975)	—	954.18
UTI Mutual Fund UTI Liquid Cash Plan. Institutional Plan - Dividend Scheme	Rs 1019	— (49103)	—	500.58

Schedules forming part of the Consolidated Balance Sheet

Rs. in Lakhs

Schedule 6

	Face Value of each	Nos	2008	2007
INVESTMENTS <i>(continued)</i>				
Current - Quoted (Fully Paid)				
Other than Trade				
Prudential ICICI Mutual Fund Units of Prudential ICICI Fixed Maturity Plan Series 34 - Growth Scheme	Rs	10 2000000	200.00	200.00
HSBC Mutual Fund Units of HSBC Fixed Term Plan Series 9 - Growth Scheme	Rs	10 — (5000000)	—	500.00
Standard Chartered Mutual Fund Units of Standard Chartered Fixed Maturity Plan - 10th Plan Growth Scheme	Rs	10 — (5000000)	—	500.00
Tata Mutual Fund Units of Tata Fixed Horizon Fund Series 6 Scheme B - Growth Scheme	Rs	10 — (10000000)	—	1000.00
Principal Pnb Mutual Fund Units of Principal PNB Fixed Maturity Plan Series 1 - Growth Scheme	Rs	10 10000000	1000.00	1000.00
Tata Mutual Fund Units of Tata Fixed Horizon Fund - Series 3 Scheme C - Growth Scheme	Rs	10 — (10000000)	—	1000.00
Standard Chartered Mutual Fund Units of Grindlays Fixed Maturity Plus Plan1B - Growth Scheme	Rs	10 — (2000000)	—	200.00
Standard Chartered Mutual Fund Units of Grindlays Fixed Maturity 22nd Plan - Growth Scheme	Rs	10 — (10000000)	—	1000.00
Deutsche Mutual Fund Units of Deutsche Fixed Term Fund Series 5 - Growth Scheme	Rs	10 — (5000000)	—	500.00
Standard Chartered Mutual Fund Units of Grindlays Fixed Maturity 20th Plan - Growth Scheme	Rs	10 — (3000000)	—	300.00
Tata Mutual Fund Units of Tata Fixed Horizon Fund Series 3 Scheme F - Growth Scheme	Rs	10 — (10000000)	—	1000.00
Deutsche Mutual Fund Units of Deutsche Fixed Term Plan Series 6 - Growth Scheme	Rs	10 — (6968880)	—	696.89

Tata Tea Limited

Schedules forming part of the Consolidated Balance Sheet

Rs. in Lakhs

Schedule 6

	Face Value of each	Nos	2008	2007
INVESTMENTS <i>(continued)</i>				
Current - Quoted (Fully Paid)				
Other than Trade				
DWS Mutual Fund	Rs	10	—	500.00
Units of DWS Fixed Term Plan Series 10 - Growth Scheme		(5000000)		
Prudential ICICI	Rs.	10	—	3563.25
Fixed Maturity Plan - Mutual Funds		(35632450)		
HSBC Liquid Plus	Rs.	10	1037832	103.95
Inst - Weekly Dividend		(370192)		37.06
HSBC Liquid Plus	Rs.	10	—	15.03
Regular - Weekly Dividend		(149664)		
Birla Mutual Fund	Rs	10	10036270	1003.63
Units of Birla Fixed Term Plan- Monthly Plan Series 2 -Dividend Scheme				—
Birla Mutual Fund	Rs	10	18651715	1868.81
Units of Birla Liquid Fund - Cash Plus - Institutional Premium Plan - Dividend Scheme				—
Kotak Mutual Fund	Rs	10	2000000	200.00
Units of Kotak Fixed Maturity Plan - Series 4 Institutional Growth Scheme				—
Tata Mutual Fund	Rs	10	10038763	1004.91
Units of Tata Fixed Income Portfolio Fund - Scheme A2 - Dividend Scheme				—
SBI Mutual Fund	Rs	10	10020081	1002.01
Units of SBI Fixed Maturity Plan -SDFS - 30 Days Dividend Scheme				—
SBI Mutual Fund	Rs	10	20707857	2077.52
Units of SBI Liquid Fund - Premier Plan - Super Institutional Plan - Dividend Scheme				—
Deutsche Mutual Fund	Rs	10	15328328	1535.90
Units of DWS Liquid Fund -Insta Cash Plus - Super Institutional Plan - Dividend Scheme				—
DSPML Mutual Fund	Rs	1000	245353	2453.77
Units of DSPML Liquid Fund cash plus fund - Institutional Plan - Dividend Scheme				—
Tata Mutual Fund	Rs	10	14863754	1503.14
Floating Rate - Long Term Fund				—
Standard Chartered Mutual Fund	Rs	10	17000000	1700.00
Fixed Maturity Plan				—

Schedules forming part of the Consolidated Balance Sheet

Rs. in Lakhs

Schedule 6

	Face Value of each		Nos	2008	2007
INVESTMENTS <i>(continued)</i>					
Current - Quoted (Fully Paid)					
Other than Trade					
Birla Mutual Fund Birla Sunlife Liquid Plus-Instl- Daily Dividend Reinvestment	Rs	10	5028870	503.86	—
Birla Mutual Fund Birla Sunlife Qtly Interval Series 5 Dividend Reinvestment	Rs	10	10156161	1015.62	—
Prudential ICICI Mutual Fund Interval Plan 1 Retail Dividend Pay Dividend	Rs	10	15000000	1500.00	—
Principal Pnb Mutual Fund	Rs	10	15000000	1500.00	—
Tata Mutual Fund Fixed Horizon Fund Series 11 Scheme E-ID-Periodic	Rs	10	10074778	1007.48	—
Tata Mutual Fund Fixed income Portfolio Fund Scheme B2 Institutional	Rs	10	5082430	508.25	—
Tata Mutual Fund Floater Fund Daily Dividend	Rs	10	244323	24.52	—
Tata Mutual Fund Tata Floating Rate Fund Long Term Income / Bonus	Rs	10	9909170	1002.10	—
Royal Bank of Scotland Money Market Funds	USD	1	125318587	50277.82	—
Royal Bank of Scotland Money Market Funds	GBP	1	37096685	29510.41	—
				102703.70	17920.00
Total				133357.63	308758.17
Net appreciation / (depreciation) in investments in associates under equity method (Note 6)				5743.03	(247538.42)
				139100.66	61219.75
Total of Investments					
Quoted				12625.47	8801.42
Unquoted				18028.46	282036.75
Unquoted current investments - in units of mutual funds				102703.70	17920.00
Aggregate Amount				133357.63	308758.17
Market value of quoted investments				67022.08	51986.69
Net asset value of current investments				102911.07	18408.38
Aggregate Amount				169933.15	70395.07

Tata Tea Limited

Schedules forming part of the Consolidated Balance Sheet**Schedule 6****INVESTMENTS** *(continued)*

Notes

1. During the year 184772 shares of The Indian Hotels Company Limited were received against 64670 shares of Indian Resort Hotels Limited consequent to the scheme of amalgamation of Indian Resort Hotels Ltd with The Indian Hotels Company Ltd.
2. During the year, the holding company subscribed for 1781 Equity Shares of Rs.10 each and 8014, 2% Cumulative Compulsory Convertible Preference Shares of Rs.100 each, on right basis of Tata Steel Ltd.
3. During the year investments in Project India Blend Ltd which were provided for in earlier years, aggregating to Rs. 25 lakhs, were written off from the books of the holding company
4. During the year, Amalgamated Plantations Private Limited ceased to be a subsidiary of the company and became an associate.
5. 5385522 shares of Tata Chemicals Limited are pledged against outstanding 9.40% Non Convertible Debentures.
6. Includes the following adjustments on account of Associate Companies

	Rs. in Lakhs	Rs. in Lakhs
Pre-acquisition share of profit / (loss)	878.55	(249842.05)
Post acquisition profit	3002.95	1509.92
Current year profit	3257.60	1794.63
Dividend received / Tax on Dividend	(1396.07)	(1000.92)
	<u>5743.03</u>	<u>(247538.42)</u>

Schedules forming part of the Consolidated Balance Sheet

	2008	Rs. in Lakhs 2007
Schedule 7		
INVENTORIES		
Stores, Spare Parts & Packing Materials	5051.18	5266.13
Raw Materials	25755.70	20521.38
Finished Goods	23289.80	26191.08
Work-in-progress	406.03	454.31
	<u>54502.71</u>	<u>52432.90</u>
Schedule 8		
SUNDRY DEBTORS		
(Unsecured unless otherwise stated)		
Debts outstanding for a period exceeding six months	4899.42	871.14
Other Debts (includes secured debts of Rs. 1628.39 lakhs (Rs. 387.87 lakhs))	40428.90	42724.76
	45328.32	43595.90
Less : Provision for Doubtful Debts^	1107.83	920.57
	<u>44220.49</u>	42675.33
	<u>44220.49</u>	<u>42675.33</u>
Note :		
Debts considered good	44220.49	42675.33
Debts considered doubtful	1107.83	920.57
	<u>45328.32</u>	<u>43595.90</u>
^ Includes Rs. 190.58 lakhs (Rs. Nil) on consolidation of an Indian subsidiary.		
^ Includes Rs. Nil (Rs. 111.72 lakhs) on consolidation of an overseas subsidiary .		
Schedule 9		
CASH & BANK BALANCES		
Cash, Cheques in hand and Remittance in transit	69.45	14.30
With Banks on:		
Current Account	10161.25	9061.39
Deposit Accounts	122088.90	2800.80
	<u>132250.15</u>	11862.19
	<u>132319.60</u>	<u>11876.49</u>
Schedule 10		
OTHER CURRENT ASSETS		
Interest and Dividend accrued *	5490.78	1323.14
Receivable from Amalgamated Plantations Pvt. Ltd.	34094.04	—
	<u>39584.82</u>	<u>1323.14</u>

* Interest pertaining to Consideration receivable from APPL on transfer of NIPO - **Rs.862.33 lakhs** (Rs. Nil)

Tata Tea Limited
Schedules forming part of the Consolidated Balance Sheet

	2008	Rs. in Lakhs 2007
Schedule 11		
LOANS & ADVANCES		
(Unsecured and considered good unless otherwise stated)		
Loans (Secured)	3500.00	3500.00
Loans	3400.00	3495.50
Advances recoverable in cash or in kind or for value to be received:		
Considered good (secured)	—	—
Considered good	11661.16	18091.19
Considered doubtful	188.25	299.44
	18749.41	25386.13
Less : Provision for doubtful advances	188.25	299.44
	18561.16	25086.69
Deposits		
Considered good	8337.83	4523.98
Considered doubtful	26.97	26.97
	8364.80	4,550.95
Less : Provision for doubtful deposits	26.97	26.97
	8337.83	4523.98
MAT Credit Entitlement	276.00	96.00
Balance in Escrow Account	39955.02	36.72
Balances with Excise Authorities, Port Trust etc.	93.44	93.02
	67223.45	29836.41

Notes:
1. Deposits include:

- Rs. 7019.81 lakhs** (Rs. 2766.24 lakhs) deposited with NABARD in the Tea/ Coffee Deposit Account under section 33AB of the Income Tax Act, 1961.
- Rs. Nil** (Rs. 147.18 lakhs) deposited under section 9(3) of the Kerala Agricultural Income Tax Act, 1991.

Schedule 12
LIABILITIES

Sundry Creditors	74450.19	68876.14
Interest accrued but not due	2175.70	1087.76
Pension Liabilities*	6507.19	6855.62
Other Liabilities	26008.68	15716.99
	109141.76	92536.51

Notes:

- (*) Represents estimated pension liability for an overseas subsidiary payable over nine years.

Schedule 13
PROVISIONS

Taxation less advance payments	6326.47	4702.57
Proposed Dividend	21643.95	9275.99
Tax on Dividend	3678.39	1576.45
	31648.81	15555.01

Schedule 14
DEFERRED TAXATION

Deferred Tax Liability	7776.02	7647.21
Deferred Tax Asset	(4097.91)	(3530.62)
	3678.11	4116.59

Schedules forming part of the Consolidated Profit and Loss Account

	2008	Rs. in Lakhs 2007
Schedule 15		
SALES & SERVICES		
Tea	340701.10	331742.59
Coffee	89544.92	66484.32
Pepper	1208.62	995.72
Cardamom	56.79	159.93
Spices & Others	192.98	152.05
Timber (Net)	159.47	74.89
Veneer/Plywood	748.11	638.33
Trading Sales	2336.20	2167.67
Mineral Water	1552.34	—
Services Rendered	207.61	158.07
	436708.14	402573.57
Less: Excise Duty	(139.45)	(84.11)
	436568.69	402489.46
Schedule 16		
OTHER INCOME		
Miscellaneous Receipts	1903.40	1259.26
Liabilities no longer required written back	394.28	569.15
Provision for debts and advances write back net of write off*	107.49	—
Profit on sale / discard of Fixed Assets (net)	185.76	16.09
Rent received	70.91	120.74
	2661.84	1965.24
* Net of debts and advances written off Rs. 79.79 (Rs. Nil) .		
Schedule 17		
INVESTMENT INCOME		
Income from long term investments		
Interest	508.15	442.89
Dividend	1555.52	3996.57
Income from current investments	1244.21	1148.45
Profit on sale of current investments (net)	651.29	280.50
Profit on sale of long term investments	10.95	—
	3970.12	5868.41
Schedule 18		
PURCHASES		
Tea	15224.72	12809.32
Trading Goods	2042.09	4486.85
	17266.81	17296.17

Tata Tea Limited**Schedules forming part of the Consolidated Profit and Loss Account**

	2008	Rs. in Lakhs 2007
Schedule 19		
RAW MATERIALS CONSUMED		
Opening Stock	20521.38	16136.29
Add: Stock of an Indian Subsidiary as on the date of acquisition	24.42	—
Add: Purchases	126467.01	96509.66
	147012.81	112645.95
Less: Closing Stock	25755.70	20521.38
	121257.11	92124.57
Schedule 20		
EXPENSES		
Salaries, Wages and Bonus **	39056.63	40203.40
Contribution to Provident Fund and other Funds	2705.29	3364.94
Workmen and Staff Welfare Expenses	1269.01	3192.97
Cultivation, Plucking and Manufacturing Expenses	9870.34	16013.81
Consumption of Packing Materials	33276.79	33416.04
Consumption of Stores and Spare Parts	1782.13	1739.17
Power and Fuel	4848.22	7238.23
Repairs to Plant and Machinery	1662.04	3116.46
Repairs to Buildings	881.19	1109.39
General Repairs	1226.38	1080.43
Rent	3318.01	2999.54
Rates & Taxes	995.06	947.33
Cess	30.79	517.04
Advertisement and Sale Charges	93779.00	84670.30
Commission on Sales	987.86	1175.31
Brokerage and Discount	5.37	115.19
Freight	13290.26	12242.64
Insurance	1797.71	1761.58
Miscellaneous Expenses	15245.34	13829.35
Audit Fees	527.11	450.50
Provision for Doubtful Debts and Advances (net)	73.37	118.79
Diminution in value of Long Term Investments	—	0.68
Debts and Advances written off*	—	42.48
	226627.90	229345.57

* Net of provision for debts and advances written back **Rs. Nil** (Rs. 439.78 lakhs).

Excludes **Rs. 358.80 Lakhs (Rs. 5240.57 Lakhs) debited to other expenditure heads of the holding company.

Schedules forming part of the Consolidated Profit and Loss Account

	2008	Rs. in Lakhs 2007
Schedule 21		
(ACCRETION)/DECRETION TO STOCK / WORK IN PROGRESS		
Stock as at 1st April		
Tea	18457.16	14627.84
Coffee	7133.16	6266.14
Pepper	231.89	243.89
Cardamom	32.74	72.36
Spices & Others	54.45	2.33
Veneer/Plywood	12.18	39.61
Trading Stock	269.50	230.35
Work-in-Progress	454.31	432.02
	<u>26645.39</u>	<u>21914.54</u>
Add: Stock of an Indian Subsidiary as on the date of acquisition	<u>111.83</u>	<u>—</u>
	26757.22	21914.54
Stock as at 31st March		
Tea	16150.56	18457.16
Coffee	6420.58	7133.16
Pepper	202.60	231.89
Cardamom	0.32	32.74
Spices & Others	64.72	54.45
Veneer/Plywood	39.14	12.18
Trading Stock	316.42	269.50
Mineral Water	95.46	—
Work-in-Progress	406.03	454.31
	<u>23695.83</u>	<u>26645.39</u>
	<u>3061.39</u>	<u>(4730.85)</u>
Schedule 22		
PROVISION FOR TAXATION		
Income Tax	14224.48*	9611.89
Fringe Benefit Tax	290.60	337.95
Deferred Tax	816.47	787.50
Wealth Tax	8.21#	23.00
	<u>15339.76</u>	<u>10760.34</u>

* net of reversal of provisions relating to earlier year of the holding company **Rs. 414.30 lakhs** (Rs. Nil)

net of reversal of provisions relating to earlier year of the holding company **Rs. 14.79 lakhs** (Rs. Nil)

Tata Tea Limited

Schedules forming part of the Consolidated Profit and Loss Account

	2008	Rs. in Lakhs 2007
Schedule 23		
EXCEPTIONAL INCOME / (EXPENDITURE)		
Income		
Profit on sale of Investments in Energy Brands Inc.	160751.71	—
Profit on sale of assets of South India operations of holding company	329.17	—
Curtailment gain	—	818.26
Profit on transfer of North India Plantation Division of holding company	8086.32	—
Profit on sale of long term Investments	—	13378.08
Profit on sale of property	—	453.49
	169167.20	14649.83
Expenditure		
Unamortised refinance costs written off relating to EBI	(5201.93)	(1236.00)
Re-organisation/ Other costs	(3711.22)	(1415.89)
Actuarial (Loss)/ Gain on defined benefit schemes*	(2728.39)	2749.12
Amortisation of expenditure on employee separation scheme	(905.18)	(981.70)
	(12546.72)	(884.47)
	156620.48	13765.36

* Pertaining to an overseas subsidiary

Consolidated Notes on Accounts

Schedule 24

1. Significant Accounting Policies

a) Basis of Consolidation

The consolidated financial statements comprises of the financial statements of Tata Tea Ltd (the Holding Company), its Subsidiaries and Associates. The consolidated financial statements are prepared in accordance with Accounting Standard 21 on "Consolidated Financial Statements", Accounting Standard 23 on "Accounting for Associates in 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:

(i) 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" under fixed assets and is not being amortized.
- 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.

(ii) Investment in Associates

Investments in associates have been accounted for using the equity method whereby the investment is initially recorded at cost and adjusted thereafter for post acquisition change in the Holding Company's share of net assets. The difference between the cost of acquisition and the Holding Company's share of equity of the associates on the respective dates of acquisition is recognized as goodwill/capital reserve, as the case may be which is not being amortized.

b) i) The subsidiaries and associates considered in the consolidated financial statements are:

Name of Subsidiaries	Country of Incorporation	Voting power held as at 31.03.2008	Effective voting power held as at 31.03.2008 by the holding company
Tata Tea GB Ltd. (51.04% through subsidiaries)	U K	77.78%	77.78%
Subsidiaries consolidated			
Tetley Group Holdings Ltd.	U K	100.00%	77.78%
The Tetley Group Ltd.	U K	100.00%	77.78%
Tetley GB Ltd.	U K	100.00%	77.78%
Tetley Overseas Holdings Ltd.	U K	100.00%	77.78%
Tetley Overseas Ltd.	U K	100.00%	77.78%
Lyons Tetley Ltd.	U K	100.00%	77.78%
Tetley US Holdings Inc.	USA	100.00%	77.78%
Tetley USA Inc.	USA	100.00%	77.78%
Tetley Canada Inc.	Canada	100.00%	77.78%

Tata Tea Limited

Consolidated Notes on Accounts

Schedule 24 (Continued)

Name of Subsidiaries	Country of Incorporation	Voting power held as at 31.03.2008	Effective voting power held as at 31.03.2008 by the holding company
Tetley Australia Pty Ltd.	Australia	100.00%	77.78%
Stansand Ltd.	U K	100.00%	77.78%
Stansand (Brokers) Ltd.	U K	100.00%	77.78%
Stansand (Africa) Ltd.	Kenya	100.00%	77.78%
Stansand (Central Africa) Ltd.	Malawi	100.00%	77.78%
Tetley Polska sp.zo.o	Poland	100.00%	77.78%
Drassington Ltd.	U K	94.00%	73.11%
Good Earth Corporation.	USA	100.00%	77.78%
Good Earth Teas Inc.			
(formally known as F Mali Herb Inc.)	USA	100.00%	77.78%
Teapigs Ltd.	U K	100.00%	77.78%
Jemca a.s.	Czech Republic	100.00%	77.78%
Tata Tea (GB) Investments Ltd.	U K	100.00%	77.78%
Joint ventures consolidated			
Tetley ACI (Bangladesh) Ltd.	Bangladesh	50.00%	38.89%
Empirical Group LLC.	USA	56.00%	43.56%
Southern Tea LLC.	USA	50.00%	38.89%
Tetley Clover (Pvt) Ltd.	Pakistan	50.00%	38.89%
Joekels Tea Packers (Proprietary) Ltd.	South Africa	33.33%	25.92%
Associate consolidated			
Energy Brands Inc. (Till 22.10.2007)	USA		
Tata Tea (GB) Capital Ltd.	U K	100.00%	100.00%
Tata Coffee Ltd.	India	57.48%	57.48%
Subsidiaries consolidated			
Consolidated Coffee Inc.	USA	50.08%	62.00%
Subsidiary company			
Eight O'Clock Coffee Company	USA	50.08%	62.00%
Alliance Coffee Ltd.	India	51.00%	29.31%
Joint venture consolidated			
Tata Coffee (Uganda) Ltd.	Uganda	50.00%	28.74%
Tata Tea Inc.	USA	100.00%	100.00%
Zhejiang Tata Tea Extraction Company Limited.			
	China	70.00%	70.00%
Mount Everest Mineral Water Limited.			
	India	31.73%	31.73%
Name of Associates			
Rallis India Ltd.	India		24.52%
Estate Management Services Pvt Ltd.	Sri Lanka		49.00%
Watawala Plantations Ltd.	Sri Lanka		28.79%
(Subsidiary of Estate Management Services Pvt. Ltd.)			

Consolidated Notes on Accounts

Schedule 24 (Continued)

- (ii) Amalgamated Plantations Private Limited (APPL) has been treated as associate. APPL's accounts for the year 2007-08, being the first year of operation, is under compilation and audit and hence the same has not been consolidated. However the unrealized profit on transactions with APPL has been eliminated to the extent of company shareholding in APPL as at 31st March 2008, as per applicable accounting standard.

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. The cost of extension planting of cultivable land including cost of development is capitalized.

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 except for certain assets amounting to **Rs. 10328.69 Lakhs** (Gross Block) of an Indian subsidiary, in respect of which depreciation is provided under written down value method (accumulated depreciation **Rs. 3834.41 lakhs**). In one of the subsidiary, the low value assets having value lower than **Rs. 0.11 Lakhs** are provided at 100% depreciation once they are put to use. The premium paid for leasehold land is amortized over the lease period except for perpetual lease where renewal is assumed consistent with past practice. Expenditure on software and related implementation costs capitalized are amortized on a straight line basis over its estimated useful life and generally does not exceed 10 years.

Non-compete fees paid by the holding company in connection with business acquisition is being amortized on a straight line basis over a period of 10 years.

Intangible Brand assets acquired by an overseas subsidiary have not been amortized as the directors of that subsidiary have concluded that the brands have an infinite useful life, on account of the strength of the brands acquired and their market positions and is annually tested for impairment.

Subsidies receivable from government in respect of fixed assets are deducted from the cost of respective assets as and when they accrue.

e) Leases

Operating lease charges are charged to the Profit & Loss account as incurred.

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.

g) Investments

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

h) Inventories

Inventories are stated at cost or net realizable value whichever is lower except for an Indian subsidiary, where stores and spare parts and raw materials are valued at cost and certain minor products at realizable value and another Indian subsidiary where packing materials are valued at cost. In an overseas associate produced stock are valued at cost.

Tata Tea Limited

Consolidated Notes on Accounts**Schedule 24 (Continued)**

Cost is determined on weighted-average/FIFO method for all categories of inventories other than for auction bought teas in which case cost is considered as actual cost for each line. 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.

i) Foreign Currency Transactions

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

The income and expenditure of overseas subsidiaries are translated at the average 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.

j) Sales & Services

- I. Sales are recognized on passing of property in goods i.e. delivery as per terms of sale or on completion of auction in case of auction sale.
- II. In the case of an overseas subsidiary, sales are recognized when risk of loss and title have transferred to customer, which is typically upon receipt of the product by the customer. Provisions for sales returns and other allowances are recorded based on past experience.
- III. Fees and income from services are accounted as per terms of relevant arrangements.

k) Other Income

Export incentives, interest income and income from investments etc. are accounted on accrual basis. For one of the Indian Subsidiaries, subsidy, if any, from the State Government, is recognized as revenue in the year of its receipt.

l) Replanting/Rejuvenation

Cost of replanting/rejuvenating tea/coffee bushes/fuel trees is charged to revenue.

Related Tea / Coffee Board subsidies are accrued as other income on obtaining approval from Tea / Coffee Board.

m) Compensation of Land

Compensation, if any, in respect of land surrendered/vested in Governments under various State Land Legislations in India is accounted for as and when received.

n) Employee Benefits**i) Post retirement employee benefits:**

Contribution to post retirement benefits like Provident Fund, Defined Contribution Superannuation Schemes and other defined contribution schemes are accounted for on accrual basis by the Group.

Liabilities for Defined Benefit plans like Gratuity, Superannuation schemes and Post retiral Medical Benefits are determined through independent year end actuarial valuation and charge recognized in the books. In one Indian Subsidiary premium paid to Life Insurance Corporation, for gratuity scheme, is charged to Profit and Loss Account on Accrual Basis and medical benefits are provided for on estimated basis.

Consolidated Notes on Accounts

Schedule 24 (Continued)

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. Liabilities for Compensated absences are determined based on independent year end actuarial valuation and charge recognized in the profit and loss account for the holding company and its Indian subsidiary. Short term Employee Benefits are recognized on an undiscounted basis whereas Long Term Employee Benefits are recognized on a discounted basis.

(iii) With regard to overseas subsidiaries and associates, liabilities for retirement benefits are determined as per the regulations and principles followed in the respective countries.

o) Research & Development

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

p) 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, deferred tax assets pertaining to business loss are only recognized to the extent that there are deferred tax liabilities offsetting them or, where applicable, have been recognized to the extent of management's expectation of future profits for set off.

q) Miscellaneous Expenditure to the extent not written off or adjusted

Payments to employees who have opted for the Employee Separation Scheme (ESS) along with additional liabilities towards retirement benefits arising pursuant to the ESS are amortized over a period of sixty months but not later than April 1, 2010. In the case of overseas subsidiaries the issue costs arising on borrowing are being amortized at a constant rate on the carrying amount over the expected term of the borrowing.

r) Financial Instruments

Premium or discount on forward contracts where there are underlying assets/liabilities are amortized over the life of the contract. Such foreign exchange forward contracts are revalued at the balance sheet date and the exchange difference 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 & Loss Account. Gain or loss on hedging instruments in respect of effective portion of 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 have been marked to market on balance sheet date and gain or loss recognized in the profit and loss account.

For an overseas subsidiary net interest receipts and payments under interest swap agreements are recognized over the term of the hedging instrument as part of interest payable.

In the previous year option contracts were marked to market at the balance sheet date and the gain/loss was recognized in the profit and loss account. Had the previous year's accounting policy been followed the profit for the year would have been lower by **Rs. 959.71 Lakhs** with a corresponding impact on hedging reserve account.

2. Estimated amount of contracts remaining to be executed on capital account and not provided for as at March 31, 2008 aggregated **Rs.1177.54 Lakhs** (Rs. 998.74 Lakhs), including **Rs.11.80 Lakhs** for computer software (Rs.Nil).

Tata Tea Limited
Consolidated Notes on Accounts
Schedule 24 (Continued)

3. Contingent Liabilities not provided for in respect of :

- a) Bills discounted and remaining unpaid as at March 31, 2008 aggregated **Rs. 1217.73 Lakhs** (Rs. 234.57 Lakhs).
- b) Claims under adjudication not acknowledged as debts:

	Rs. in Lakhs	
	2008	2007
i. Taxes, Statutory Duties/ Levies etc.	1288.97	840.80
ii. Commercial Claims	310.01	312.73
c) Labour disputes under adjudication relating to some staff – amount not ascertainable for holding company and Rs. 220.56 Lakhs (Rs. 221.15 Lakhs) for an Indian subsidiary.		
d) In the case of an overseas subsidiary there are contingent liabilities in respect of forward exchange contracts, 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 overseas subsidiary 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.		
e) Guarantee given in connection with acquisition of an Indian subsidiary company – Rs. 250 Lakhs (Rs. Nil).		
f) Bank and other guarantees – Rs. 615.49 Lakhs (Rs. 507.73 Lakhs). It includes counter guarantee given by the holding company on behalf of an Indian Associate Company Rs. 91.46 Lakhs (Rs. Nil).		

4. Directors Remuneration (Holding Company)

	Rs. in Lakhs	
	2008	2007
Managing Director / Wholetime Directors:		
Salaries	67.20	72.00
Estimated value of other benefits	80.87	88.96
Commission (including short provision of previous year Rs. 35 Lakhs (Rs. 20 Lakhs)).	235.00	170.00
Expenditure on Gratuity and Superannuation Schemes	15.68	16.80
Other Directors:		
Commission & Fees (including excess provision of previous year written back Rs. 2 Lakhs (Rs. Nil)).	157.65	111.15
Total	556.40	458.91

The above does not include share of recurring retirement benefits payable to a former Managing Director and commission paid to certain Directors of the holding company by a subsidiary.

- a) The holding company had issued 2810000 warrants to Tata Sons Limited on preferential basis in the year 2006-07. The said warrants were exercised into an equivalent number of equity shares of Rs. 10 each in May 2007, at a price of Rs. 726.45 per share, computed as per applicable regulations. The proceeds from the issue of preferential shares were utilised for repayment of bridge loans availed for acquisition of 25% stake in Energy Brands Inc (EBI).

Consolidated Notes on Accounts

Schedule 24 (Continued)

- b) The sale of Stake in EBI by the Tetley Group has been concluded in October 2007 for an aggregate consideration of **USD 1.02 billion** and has resulted in a profit of **USD 421.54 million**. The company has been advised that there is no tax payable on this transaction.
6. In terms of the Scheme of Arrangement approved by the Hon'ble High Court of Calcutta by an Order dated 9th April 2008, which was filed with the Registrar of Companies, West Bengal, Kolkata on 30th April 2008, the North India Plantation Division (NIPD) of the holding company stood transferred to Amalgamated Plantations Private Limited (APPL) with effect from the appointed date of April 1, 2007 for an aggregate consideration of **Rs. 36565.03 Lakhs**. Consequently the results for the financial year 2007-08 exclude the performance of NIPD. Subsequently on 15th May 2008 an appeal has been filed by the Regional Director Ministry of Corporate Affairs, Calcutta against the above referred order, before the Division Bench of Hon'ble High Court at Calcutta. The said appeal has been listed on 5th June 2008.

The effect of the scheme has been given in the Accounts and a pre-tax profit of **Rs. 16169.40 Lakhs** on transfer of NIPD has been shown under exceptional item in the Profit and Loss Account of the holding company. The unrealized profit on the transaction to the extent of **Rs. 8083.08 Lakhs** has been eliminated in the consolidated accounts.

7. Research & Development Expenditure:

	Rs. in Lakhs	
	2008	2007
Capital	99.17	94.19
Revenue	273.67	376.23
Total	372.84	470.42

8. Disclosure in respect of operating leases:

	Rs. in Lakhs	
	2008	2007
Total minimum lease payments under Non-cancellable operating lease	14942.52	16305.96
Within One Year	1933.86	1985.82
Later than one year and not later than five years	7658.92	7059.63
Later than five years	5349.74	7260.51
Lease payments recognized in the statement of Profit / Loss	1731.06	2350.66

An overseas subsidiary has taken on lease office/factory buildings and the leases expire between 2010 and 2023.

9. The holding company during the year purchased 31.73% stake aggregating to **Rs. 15434.83 Lakhs** in Mount Everest Mineral Water Limited (MEMWL). Out of the above 15% of the stake was acquired through preferential issue of equity shares, 9.15% through equity shares from the promoters and the balance 7.58% through an open offer. In accordance with the Articles of Association of MEMWL and shareholders' agreement with its promoters the holding company controls the composition of the Board of Directors of MEMWL and based on a legal opinion received, MEMWL has been considered as a subsidiary and consolidated as such from 22nd August 2007.
10. During the year the company invested **Rs. 1095.93 Lakhs** to acquire 70% stake in Zhejiang Tata Tea Extraction Company Limited (ZTTECL). This is a joint venture between Tata Tea Ltd. and Zhejiang Tea Group Company Limited (formerly Zhejiang Tea Import and Export Company Limited) for the manufacture and sale of instant

Tata Tea Limited

Consolidated Notes on Accounts

Schedule 24 (Continued)

tea and polyphenols. This green field project is expected to commence commercial production from the year 2008-09.

11. In April 2007, Tata Tea (GB) Ltd. purchased 'Vitax' and 'Flosana' tea brands for a total consideration of **£ 4.8 mn (Rs. 3818.40 Lakhs)**. These brands are principally sold in Poland.
12. Basic and Diluted Earnings per Share (EPS) has been computed with reference to net profits attributable to equity shareholders of **Rs. 154254.71 Lakhs** (Rs. 44335.23 Lakhs) and the weighted average equity shares outstanding (Nominal value – Rs. 10 per share) at the end of the year of **616.02 Lakh** shares (572.36 Lakh shares).
13. The major components of the Deferred Tax Assets / Liabilities, based on the tax effect of the timing differences, as at March 31, 2008 are as under:

	Rs. in Lakhs	
	2008	2007
Deferred Tax Liabilities		
Depreciation	3289.67	3203.10
Others	4486.35	4444.11
Total	7776.02	7647.21
Deferred Tax Assets		
Provision for Doubtful Debts / advances	203.00	229.00
Other Assets	3169.35	2610.33
Carry forward agricultural income tax loss	218.00	168.00
Accrued promotions & repairs	507.56	523.29
Total	4097.91	3530.62

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

Consolidated Notes on Accounts

Schedule 24 (Continued)

Balance Sheet as at March 31, 2008

	2008	Rs. in Lakhs 2007
SOURCES OF FUNDS		
Shareholders' Funds- Reserves & Surplus	1304.78	1421.27
Loan Funds		
Secured Loans	1795.48	1183.31
Unsecured Loans	423.42	—
Deferred Tax Liability	1.23	1.44
Total	3524.91	2606.02
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	880.18	844.83
Depreciation till date	(393.61)	(301.40)
Net Block	486.57	543.43
Capital Work In Progress	168.84	95.56
	655.41	638.99
Current Assets, Loans and Advances		
Inventories	2294.11	2149.53
Sundry Debtors	1409.05	1130.24
Cash and Bank balances	868.69	758.51
Other Current Assets	191.89	203.67
	4763.74	4241.95
Current Liabilities and Provisions		
Liabilities	2652.43	2252.36
Provisions	(757.92)	22.82
	1894.51	2275.18
Net Current assets	2869.23	1966.77
Miscellaneous Expenditure to the extent not written off or adjusted	0.27	0.26
Total	3524.91	2606.02

Profit & Loss Account for the year ended March 31, 2008

	2008	Rs. in Lakhs 2007
INCOME		
Sales & Services	24186.71	23858.39
Other Income	—	24.05
Total	24186.71	23882.44
EXPENSES		
Purchases	6188.38	6152.11
Raw Materials Consumed	6546.68	6528.51
Expenses	9031.50	8896.87
Depreciation	133.21	112.56
(Accretion) / Decretion to Stock	(6.05)	—
Total	21893.72	21690.05
Profit before Tax and Exceptional Items	2292.99	2192.39
Exceptional Items	(15.59)	—
Profit before Tax	2277.40	2192.39
Provision for Taxation	34.42	11.24
Profit after Tax	2242.98	2181.15

Tata Tea Limited

Consolidated Notes on Accounts

Schedule 24 (Continued)

15 Consolidated Related Party Disclosure

Particulars of transactions during the year ended March 31, 2008

Rs. in Lakhs

Nature of Transactions	Associates	Promoter	Key Management Personnel/Relatives	Total
Sale of Goods & Services	— (—)	0.59 (—)	— (—)	0.59 (—)
Purchase of Goods & Services	17800.07 (898.96)	— (—)	5.21 (6.59)	17805.28 (905.55)
Rent Paid	— (—)	13.50 (—)	— (—)	13.50 (—)
Cost arising out of Transfer of North India Plantation Division	307.21 (—)	— (—)	— (—)	307.21 (—)
Other Expense	— (—)	723.08 (—)	— (—)	723.08 (—)
Dividend/Interest Received	1510.14 (438.79)	122.85 (—)	— (—)	1632.99 (438.79)
Dividend Paid	— (—)	2365.69 (—)	0.11 (0.09)	2365.80 (0.09)
Directors Remuneration	— (—)	— (—)	2459.12 (1733.45)	2459.12 (1,733.45)
Consideration for Transfer of North India Plantation Division	36565.03 (—)	— (—)	— (—)	36565.03 (—)
Investments Sold	— (—)	— (—)	0.25 (—)	0.25 (—)
Share Capital Subscribed	— (—)	18229.88 (—)	— (—)	18229.88 (—)
Balances Outstanding Debit	34400.52 (0.08)	— (—)	— (—)	34400.52 (0.08)
Credit	45.09 (84.83)	491.05 (—)	200.00 (150.00)	736.14 (234.83)

Related Parties

Associates

Rallis India Ltd
Estate Management Services Pvt Ltd
Amalgamated Plantations Pvt. Ltd.
Energy Brand Inc. (Associate of subsidiary)
(Till 22.10.2007)

Subsidiary of an Associate

Watawala Plantations Ltd

Joint Ventures of Subsidiary

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

Key Management Personnel

Mr P T Siganporia - Managing Director, Tata Tea Ltd
Mrs Sangeeta Talwar - Executive Director, Tata Tea Ltd
Mr M H Ashraff - Managing Director, Tata Coffee Ltd
Mr Hamid Huq - Executive Director, Tata Coffee Ltd
Mr A Sengupta - Executive Director, Tata Coffee Ltd
Mr K Pringle, Executive Vice Chairman & CEO, Tata Tea GB 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
Mr A Bhardwaj, Director, President, Tata Tea Inc.
Mr Pradeep Poddar, Managing Director
Mount Everest Mineral Water Ltd.
Ms Abanti Sankarnarayanan, Director
Mount Everest Mineral Water Ltd.

Promoter

Tata Sons Ltd.

Relative of Key Management Personnel

Ms Farah Ashraff (Daughter of Mr M H Ashraff)
Salary paid as an employee.

Consolidated Notes on Accounts

Schedule 24 (Continued)

16 CONSOLIDATED SEGMENT REPORTING

By Business Segments:

Rs. in Lakhs

	Tea	Coffee and Other Produce	Others	Total
Sales Revenue from external customers	340958.43 (331754.55)	92387.04 (69225.87)	3223.22 (1509.04)	436568.69 (402489.46)
Other Segment revenue	2279.60 (1464.19)	543.10 —	5.46 (369.93)	2828.16 (1834.12)
Total Segment Revenue	343238.03 (333218.74)	92930.14 (69225.87)	3228.68 (1878.97)	439396.85 (404323.58)
Add : Unallocable Revenue	—	—	—	3803.80 (5999.53)
Total Revenue				443200.65 (410323.11)
Segment result	52773.02 (55133.56)	13535.71 (10189.69)	(279.45) (112.83)	66029.28 (65436.08)
Add: Unallocable income net of expenses				(340.40) (1045.57)
Less: Interest (net)				(6085.56) (10681.87)
				59603.32 (55799.78)
Less: Interest on loans for acquisitions				(16049.95) (16610.97)
Exchange Gain				5618.31 (3471.47)
Unallocable Exceptional Income / (Expenditure)				156756.08 (13900.86)
Profit before Tax				205927.76 (56561.14)
Provision for Taxation				15339.76 (10760.34)
Profit after Taxation before Share of Results of Associates				190588.00 (45800.80)
Share of Profits of Associates				2886.73 (1794.63)
Profit after Taxation before Minority Interests				193474.73 (47595.43)
Segment Assets	338922.58 (366283.23)	137552.55 (141187.48)	3409.24 (731.40)	479884.37 (508202.11)
Unallocated Assets				371849.04 (340050.26)
Total Assets				851733.41 (848252.37)

Tata Tea Limited

Consolidated Notes on Accounts

Schedule 24 (Continued)

By Business Segments:

Rs. in Lakhs

	Tea	Coffee and Other Produce	Others	Total
Segment Liabilities	74027.22 (70582.65)	15435.70 (13303.12)	384.46 (109.10)	89847.38 (83994.87)
Unallocated Liabilities				315551.94 (485989.30)
Total Liabilities				405399.32 (569984.17)
Capital Expenditure	6379.90 (5836.61)	1503.94 (10188.17)	2537.09 (30.18)	
Depreciation	5788.01 (7232.85)	2586.19 (1873.82)	169.36 (58.37)	
Amortisation	135.62 (135.62)	—	—	
Non Cash Expenditure other than depreciation and amortisation	55.01 (68.80)	18.18 (33.36)	0.17 (0.21)	

By Geographical Segments:

Rs. in Lakhs

	India	UK	USA & Canada	Rest of the World	Total
Sales Revenue	114637.21 (101251.34)	139019.27 (132671.79)	133830.24 (117220.91)	49081.97 (51345.42)	436568.69 (402489.46)
Segment Assets	148576.17 (157262.68)	258511.05 (286588.80)	50568.21 (55370.29)	22228.94 (8980.34)	479884.37 (508202.11)
Capital Expenditure	4420.07 (12239.50)	1868.51 (2503.03)	1204.34 (1002.15)	2928.01 (310.28)	10420.93 (16054.96)

Notes:

- Business Segments : The internal business segmentation and the activities encompassed therein are as follows:

Tea	: Cultivation & manufacture of black tea and instant tea, tea buying/ blending and sale of tea in bulk or value added form.
Coffee and Other Produce	: Growing of coffee, pepper and other plantation crops and conversion of coffee into value added products such as roast and ground coffee & instant coffee.
Others	: Sale of natural mineral water, other minor crops, curing operations of coffee and trading of items required for coffee plantations.
 - Geographical segments : Segmentation is on the basis of the geographical location of the customers.
 - The segment wise revenue, results, assets and liabilities figures relate to the respective amounts directly identifiable to each of the segments. Unallocable expenditure include expenses incurred on common services at the corporate level and relate to the company as a whole. Unallocable income includes income from investments.
 - Pricing of inter segment transfers are based on benchmark market prices.
- 17 Unless otherwise stated, figures in brackets relate to the previous year and have been rearranged / regrouped, wherever necessary. These figures are not strictly comparable with figures reported for the current year, due to business acquisitions and due to the transfer of North India Plantation Division by the holding company during the current year.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	Year ended March 31, 2008	Year ended March 31, 2007
	Rs. in Lakhs	Rs. in Lakhs
A. Cash Flow from Operating Activities		
Net Profit before Tax	205927.76	56561.14
Adjusted for :		
Depreciation and amortisation (net of withdrawals from Revaluation Reserve)	9162.96	9670.50
Amortisation of finance costs	—	1820.51
Investment Income	(3307.88)	(5587.92)
Unrealised foreign exchange (gain) / loss	124.34	285.04
Interest expense	14727.42	10151.90
Interest income	(8641.86)	(1290.54)
Premium on redemption of debentures	—	155.99
Profit on sale of investments (net)	(662.24)	(280.50)
Provision for doubtful debts & advances	73.37	118.79
Liabilities no longer required written back	(394.28)	(569.15)
Debts and advances written off	79.79	482.26
Provision for doubtful debts and advances no longer required written back	(187.28)	(439.78)
Diminution in value of long term investments	—	0.68
(Profit) / loss on sale / discard of fixed assets (net)	(185.76)	(16.09)
Interest on loans for acquisition	16049.95	16610.97
Exceptional Income (net)	(156620.48)	(11016.24)
Exchange Gain on restatement of Foreign Currency Loan	(5,618.31)	(3471.47)
Operating Profit before working capital changes	70527.50	73186.09
Adjustments for:		
Trade and other receivables	(7013.36)	(2583.75)
Inventories	(2422.60)	(4227.33)
Trade payables	6014.27	(2595.89)
	(3421.69)	(9406.97)
Cash generated from operations	67105.81	63779.12
Employee separation schemes	—	(27.16)
Reorganisational costs / Funding of pension	(3711.22)	(4866.55)
Direct taxes paid	(11798.28)	(7687.12)
	(15509.50)	(12580.83)
Net Cash from Operating Activities	51596.31	51198.29
B. Cash Flow from Investing Activities		
Cost arising out of transfer of North India Plantation Division	(336.96)	—
Purchase of fixed assets	(7743.07)	(8253.70)
Sale of fixed assets	785.13	730.88
Purchase of long term investments	(3886.24)	(381950.27)
Sale of long term investments (net of deposits in Escrow account)	362791.12	18047.04
Investments in Subsidiaries	(15434.83)	—
(Purchase) / sale of current investments (net)	(77095.29)	11136.79
Investment income	4863.66	5363.61
Interest received	4050.61	945.11
Inter corporate deposits and loans refunded	95.50	1000.00
Other deposits	(493.08)	(273.65)
Net cash (used for) / from Investing Activities	267596.55	(353254.19)

Tata Tea Limited
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

	Year ended March 31, 2008	Year ended March 31, 2007
	Rs. in Lakhs	Rs. in Lakhs
C. Cash Flow from Financing Activities		
Proceeds from issuance of shares on preferential basis	18229.88	21,833.70
Proceeds from issuance of share capital	477.07	51,132.05
Proceeds from issuance of share warrants	—	2,183.37
Proceeds from issuance of Non Convertible Debentures	32500.00	2,685.42
Debt / share issue expenses	(114.61)	(173.24)
Proceeds from long term borrowings	(20225.42)	374,570.63
Repayment of long term borrowings	(159874.95)	(150289.04)
Proceeds from short term borrowings (net)	16484.37	1694.56
Proceeds from bridge loans taken from banks for acquisitions (net)	—	55,000.00
Repayment of Bridge loans taken for acquisitions	(55000.00)	—
Working capital facilities (net)	12153.95	(1989.42)
Refinancing costs	—	(10,846.99)
Dividend paid	(13773.73)	(7148.02)
Dividend tax paid	(1576.45)	(1059.85)
Interest paid	(29316.03)	(26344.88)
Net Cash (used in) / from Financing Activities	(200035.92)	311248.29
Net increase / (decrease) in Cash and Cash Equivalents	119156.94	9192.39
D. Cash and Cash Equivalents		
Opening Balance	11876.49	2212.03
Cash balance vested on Acquisition of MEMW	921.31	—
Cash balance transferred on transfer of NIPD	(23.57)	—
Unrealised gain / (loss) on foreign currency cash and cash equivalents	388.43	472.07
Closing Balance	132319.60	11876.49

Notes:

- 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 the Institute of Chartered Accountants of India.
- During the year purchase consideration for acquisition of subsidiaries fully discharged by means of cash **Rs. 16530.76 lakhs**
- Consideration for transfer of North India Plantation Division of the holding company - **Rs. 36565.03 lakhs**
- Previous year's figures have been rearranged/regrouped wherever necessary.

This is the Cash Flow statement referred to in our Report of even date.

For **N. M. Rajji & Co.**
Chartered Accountants

J M Gandhi
Membership No. 37924
Partner

For **Lovelock & Lewes**
Chartered Accountants

Partha Mitra
Membership No. 50553
Partner

R. N. Tata
Chairman

R. K. Krishna Kumar
Vice Chairman

Y. H. Malegam
D. B. Engineer

F. K. Kavarana
U. M. Rao
Dr. Amrita H. Patel
A. R. Gandhi
P. D. Unsworth
Directors

P. T. Siganporia
Managing Director

Ms. Sangeeta Talwar
Wholetime Director

D. K. Sen
Vice President & Secretary

Mumbai, May 30, 2008

Subsidiary Companies Financial Highlights - 2007/08

Rs. in Lakhs

Item	Tata Coffee Ltd. (Consolidated) @	Tata Coffee Ltd. (Standalone) (listed in India)	Tata Tea Inc. USA	Tata Tea (GB) Ltd. (Consolidated) #	Tata Tea (GB) Capital Ltd. UK	Mount Everest Mineral Water Ltd. (listed in India)
1. Capital	1867.70	1867.70	5616.80	178517.42	71282.37	3399.60
2. Reserves	31888.84	32293.45	7860.49	190448.44	—	6504.69
3. Minority Interest	13613.46	—	—	125.15	—	—
4. Total Assets	158179.40	63501.74	20473.04	569622.41	71283.17	10383.82
5. Total Liabilities	110809.40	29340.59	6995.75	200531.40	0.80	479.53
6. Turnover	98633.61	32681.43	7416.56	230378.50	2366.46	1837.80
7. Profit before Taxation	7171.13	3857.45	959.66	174592.80	2365.68	(146.04)
8. Provision for Taxation	3222.60	1389.32	230.41	4450.09	—	8.95
9. Profit after Taxation	3948.53	2468.13	729.25	170142.71	2365.68	(154.99)
10. Proposed Dividend	1307.39	1307.39	—	—	—	—
11. Dividend Paid	—	—	401.10	6193.13	2365.68	—
12. Investments (Other than Subsidiaries and holding company.)	8127.44	4200.60	—	79788.23	—	—
Reporting currency	Indian Rupees	Indian Rupees	US Dollars	Pound Sterling	Pound Sterling	Indian Rupees
Exchange rate used for conversion:						
Average Yearly rates for P&L Items			40.12	81.09	81.09	
Year end rates for Balance Sheet Items			40.12	79.55	79.55	

@ Includes Consolidated figure of Tata Coffee Ltd. (India) and its subsidiaries namely

1. Alliance Coffee Ltd., India (Unlisted)
2. Eight 'O' clock Coffee Company, USA
3. Consolidated Coffee Inc., USA

Includes Consolidated figures of Tata Tea (GB) Ltd, UK and its 21 Subsidiaries (as per list below)

List of Subsidiaries of Tata Tea (GB) Ltd., UK

- | | |
|---|--|
| 1. Tetley Group Holdings Ltd, UK | 12. Stansand(Brokers) Ltd, UK |
| 2. The Tetley Group Ltd, UK | 13. Stansand(Africa) Ltd, Kenya |
| 3. Tetley GB Ltd, UK | 14. Stansand(Central Africa) Ltd, Malawi |
| 4. Tetley Overseas Holdings Ltd, UK | 15. Tetley Polska sp. z.o.o, Poland |
| 5. Tetley Overseas Ltd, UK | 16. Drassington Limited, UK |
| 6. Lyons Tetley Ltd, UK | 17. Good Earth Corporation, USA |
| 7. Tetley US Holdings Inc., USA | 18. Good Earth Teas Inc. (formerly Fmali Herb Inc.), USA |
| 8. Tetley USA Inc, USA | 19. Teapigs Ltd, UK |
| 9. Tetley Canada Inc, Canada | 20. Jemca .a.s., Czech Republic |
| 10. Tetley Australia Pty Ltd, Australia | 21. Tata Tea (GB) Investments Ltd, UK |
| 11. Stansand Ltd, UK | |

Note : Zhejiang Tata Tea Extraction Co. Ltd., China, a joint venture with a Chinese Partner, became a subsidiary of the Company in December 2007. The Company is in the process of setting up its manufacturing plant in China and has not yet started its operations.

Tata Tea (GB) Limited

Accounts of Tata Tea (GB) Limited, U.K.

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Tata Tea (GB) Limited

Board of Directors

S A Hasan

F K Kavarana

R K Krishna Kumar

J R Nicholas

K Pringle (*resigned 28 February 2008*)

P T Siganporia

P D Unsworth

A R Gandhi

J D Bikoff (*resigned 5 June 2007*)

L Krishna Kumar (*appointed on 25 April 2007*)

S A Hasan is an alternate director to F K Kavarana.

Report of the Directors

The directors present their annual report and the audited financial statements for the 53 week period from 1 April 2007 to 5 April 2008.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activities of the Group are the processing, marketing and distribution of tea products. The Group operates in the UK and has significant businesses in the US, Canada, Australia, Poland and the Czech Republic as well as a number of joint ventures in South Africa, Pakistan and Bangladesh.

During the year, the Group disposed of its 25% share of Energy Brands Inc. (EBI), a US company specialising in the marketing and distribution of enhanced water under the Glaceau brand. Consideration of £506.3m was received and a profit on disposal of £207.6m was realised.

The Group purchased the 'Vitax' and 'Flosana' tea brands for £4.8m. The brands are principally sold in Poland and have been integrated into our existing business in Poland.

The Group is a member of the Ethical Tea Partnership, which promotes social responsibility in the tea trade and ensures the ethical sourcing of tea.

The Directors are pleased to report that it has been a successful and profitable period for the Group. The Group achieved sales of £226.4m (2007: £210.9m) and pre-exceptional operating profit of £35.7m (2007: £35.3m).

The reported profit after tax of £219.1m was £209.4m higher than last year. After excluding an exceptional profit on the disposal of the Group's investment in its associate, Energy Brands Inc, profit after tax on continuing operations has also showed growth of 18.6% to £11.5m (2007: £9.7m).

The Group continues to be significantly cash generative with cash flows from operating activities of £37.1m (2007: £34.8m).

The market performance of the Group's principal subsidiaries remains strong. The Group retained leadership in the UK with a market share of 27.0% (2007: 27.2%). In Canada, the Group's second largest market, leadership was also retained with a share of 36.6% (2007: 36.7%). Market performance in the Group's other markets was satisfactory.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group takes a proactive approach to the management of the various risks that it faces. Of these risks the principal ones are raw tea pricing, currency movements, interest rate movements and the current dependence on black tea. These are managed in the following ways:

Raw tea pricing – raw tea is the Group's single largest cost. Climatic conditions in the different countries from which raw tea is sourced can lead to fluctuations in price. However, these raw teas are blended before packing which allows some flexibility to manage these fluctuations by substitution. Historically the Group has been successful in passing on significant increases in input prices to the market.

Currency movements – foreign exchange risk in relation to export revenues and import costs is managed by Group Treasury using forward exchange contracts and options.

Interest rate movements – Interest rate risk has been reduced by the use of interest rate swaps fixing the level of interest payable on a proportion of the Group's debt.

Dependence on black tea - Much of the Group's current trading is in black tea in markets that are in slow decline. Management's strategy is to grow the business in product categories other than black tea, which are currently growing, and to expand into new geographies.

The Group's activities and future prospects have been reviewed and the Group plans to continue trading within the tea market. The Group is looking to maximise the value of its portfolio of brands and its primary focus will remain on the tea business.

TREASURY POLICY AND FINANCIAL RISK MANAGEMENT

The Group's operations and debt financing expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, interest rates, credit risks and liquidity. The board approves treasury policies that seek to limit the adverse effect of these risks on financial performance. The application of the policies, together with the management of day-to-day treasury operations, is managed by the Group's central treasury function. Treasury activities are reported to the board on a regular basis and are subject to periodic independent reviews and audits, both internal and external.

Tata Tea (GB) Limited

Treasury policies are designed to manage the main financial risks faced by the Group in relation to funding and hedging. These policies ensure that the borrowings and investments are with high quality counterparties and are limited to specific instruments. They also ensure that the exposure to any one counterparty or type of instrument is controlled and the Group's exposure to interest rate and exchange rate movements is maintained within set limits.

The treasury function enters into derivative transactions, principally interest rate swaps, forward currency contracts and options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's underlying business operations.

In the context of the Group's business operations, no transactions are undertaken which are speculative in nature.

With regard to the surplus of cash arising from the disposal of Energy Brands Inc, the Group has been seeking to maximise the yield on these balances which has involved investing a proportion of cash deposits into structures whose return is linked to movements in currency markets. As the Group is willing to hold its deposits in a mix of US dollars and sterling, the Group has been willing to accept currency risk on conversion of its deposits into either currency in order to achieve a higher yield.

Liquidity risk

The Group ensures that there are always sufficient borrowings available to fund growth and has committed borrowing facilities comfortably exceeding its expected peak funding requirements.

Interest rate risk

The Group seeks to partially limit the exposure arising from its sterling and US dollar borrowings to changes in sterling and US dollar interest rates which is achieved through the use of interest rate swaps. No change to the existing hedging structure is permitted without approval of the Board. Group treasury is responsible for monitoring long-term interest exposures of the Group and for recommending appropriate action to the Board.

Currency risk

Foreign exchange risk is divided into transaction risk, which arises from income and expenses denominated in foreign currencies, translation risk, which arises from equity investments and related profit or loss denominated in foreign currencies, and economic risk, where the business has ongoing exposures to certain currencies as part of its commercial operations.

The Group's transaction and economic risk consists mainly of a deficit in US dollars for purchasing tea and a surplus in Canadian dollars arising from export activities.

The Group hedges its economic exposures with a combination of forward contracts and options. Transactions are fully hedged at the point they are entered into. Group treasury monitors exposures through cashflow forecasts up to three months forward.

The Group has a growing gross exposure to Euros through export growth and stable sourcing of raw materials from the Eurozone, leaving a net residual value which is fully hedged.

The currency impact on the Group's net investment in overseas subsidiaries, joint ventures and joint arrangements is calculated from the shareholders' equity and accumulated profit of foreign subsidiaries and associated companies in the consolidated balance sheet.

In accordance with the treasury policy, this net currency position is reviewed periodically. The maximum period for which economic exposures may be hedged under Group policy is fifteen months.

Credit risk

The Group's credit risks are spread both geographically and through customer market areas. While the majority of customers have good credit ratings, where this is not the case other measures are used to mitigate credit risks for example risk monitoring services and credit insurance. The Group recognized no significant credit losses during 2007/08.

Price risk

The Group is exposed to changes in the price of raw tea. While the Group is not able to hedge its exposure through forward contracts, it manages its exposure through blending which enables it to source teas from different geographies limiting its exposure to supply-driven price increases in any given region.

DIVIDENDS

The company paid a dividend of £7.6m in the period. (2007: Nil).

HEALTH, SAFETY AND THE ENVIRONMENT

The Group operates in full compliance with all relevant environmental and health and safety legislation and has worldwide policies and ISO14001 accreditation for its UK based facilities.

As a responsible employer, the Group is aware of its position and role in the community and is continually committed to improving its environmental performance.

DISABLED PERSONS

It is the policy of the Group to employ disabled persons, whenever possible, in jobs suited to their individual circumstances and to give them, together with employees who become disabled while employed, full and fair consideration at all times in career development, training and promotion.

RESEARCH AND DEVELOPMENT EXPENDITURE

The Group is committed to growth through new product development and geographical expansion. A focused programme of research and product development is in place to meet that strategic need, building on successes, entering new and developing markets, and creating new, differentiated products that will enable the Group to penetrate new markets.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Group believes in adding value to the communities that help make its business a success and is proud of its commitment in this area. It contributes time, skills and money through a range of partnerships with charities and non-government organisations. It chooses partners with a relevance to its business.

The Group made financial contributions of £274,000 (2007: £469,000) to a range of causes in the countries where it operates, in particular The British Heart Foundation in the UK and American Forests in US.

There were no political donations during the year (2007: £nil).

SUPPLIER PAYMENTS

The Group agrees payment terms with its suppliers when it places purchase orders for the supply of goods and services. Tea commodity purchases are subject to industry-wide purchase contracts. The Group expects to meet these payment terms provided it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions.

The Company has no trade creditors. (2007: £nil)

EMPLOYEE INVOLVEMENT

The Group believes in effective communication to engage its employees worldwide. This is regularly delivered via its intranet site, a monthly Core Brief and World of Tetley, a quarterly in-house magazine, supported by ad-hoc mailings and face to face communication events. Together, these ensure all employees are well informed about the Group's performance and key business issues and developments.

FIXED ASSETS

The movements in tangible fixed assets are set out in note 10 to the accounts.

POST BALANCE SHEET EVENTS

No significant post balance sheet events have occurred.

Tata Tea (GB) Limited**DIRECTORS AND THEIR INTEREST**

The directors during the period were as follows:

S A Hasan

F K Kavarana

R K Krishna Kumar

J R Nicholas

K Pringle (resigned 28 February 2008)

P T Siganporia

P D Unsworth

A R Gandhi

J D Bikoff (resigned 5 June 2007)

L Krishna Kumar (appointed on 25 April 2007)

S A Hasan is an alternate director to F K Kavarana.

Details of directors' emoluments are given in note 7 of the financial statements.

GOING CONCERN

The directors confirm that they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the accounts.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In accordance with Section 234ZA of the Companies Act 1985, the directors report that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By Order of the Board

Peter Unsworth
Chief Executive Officer
22 May 2008

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and its group and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Tata Tea (GB) Limited

Independent Auditors' Report to the Members of Tata Tea (GB) Limited

We have audited the Group and parent Company's financial statements (the "financial statements") of Tata Tea (GB) Limited for the 53 week period ended 5 April 2008 which comprise of the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 5 April 2008 and of the Group's profit and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants and
Registered Auditors

London
27 May 2008

Accounting Policies

Financial Period

This financial period ended 5 April 2008 is a 53 week period (52 weeks ended 31 March 2007).

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable UK accounting standards. The directors consider that, for the overriding purpose to provide a true and fair view, goodwill should not be amortised where it is considered to have an indefinite useful life.

Consolidation

The Group accounts include the results and balance sheets of its subsidiary undertakings together with the results and net assets of the Group's joint ventures, associate and joint arrangement. The results and net assets of the subsidiaries have been accounted for under the acquisition method of accounting from the date of acquisition.

Joint ventures and associates have been accounted for under the gross equity method in accordance with FRS9, 'Associates and Joint Ventures'. The Group also has certain contractual agreements with another participant to engage in joint activities in Southern Tea LLC in the United States. Southern Tea LLC meets the definition of a joint arrangement under FRS 9. The Group includes its share of assets, liabilities and cash flows in such joint arrangements, measured in accordance with the terms of the agreement governing the arrangement.

Goodwill

Goodwill represents a combination of the excess of the fair values of the investments made in The Tetley Group in March 2000, in Empirical Group LLC in September 2002, in Good Earth Corporation and Good Earth Teas Inc (formerly Fmali Herb Inc) in October 2005, in Jemca a.s in May 2006 and in Joekels Tea Packers (Proprietary) Limited in October 2006.

Initial goodwill arising from the acquisition of the Tetley Group of £246.6m was amortised by £12.0m during 2000/01. The directors concluded that this goodwill and the goodwill arising on the Empirical joint venture, in Good Earth Corporation and Good Earth Teas Inc, in Jemca a.s and in Joekels Tea Packers (Proprietary) Limited has an indefinite useful economic life. As such goodwill has not been amortised.

The factors that influenced the directors' view of the durability of the goodwill are the businesses' proven

ability to maintain strong market positions, operate profitably over a long period of time, the strength of the brands, the continuing commitment to high levels of investment in brand building and innovation and the significant financial and technical barriers to new market entrants that have been built. The carrying value of the goodwill will continue to be subject to an annual impairment review based on the expected future cashflows of the businesses and adjusted to the recoverable amount if required.

Whilst this accounting treatment represents a departure from the specific requirements of the Companies Act 1985 (Paragraph 3 of Schedule 4), the directors consider this to be necessary for the overriding purpose of providing a true and fair view in accordance with the Companies Act 1985 (Section 227). If the Group had continued to amortise goodwill over a period of 20 years the profit before tax would have been £14.0m lower for the period (2007: £20.0m).

Intangible Assets

Intangible Assets held represents the purchase of Vitax and Flosana brands for £4.8m in April 2007.

The intangible brand assets have not been amortised as the directors have concluded that the brands have an indefinite useful life.

The primary factors that influenced the directors' view of the durability of the brands are the strength of the brands acquired and their respective market positions.

Pension and other post retirement benefit arrangements

Pensions and other post retirement benefit arrangements are accounted for in line with FRS17.

Defined Benefit Schemes

Under FRS 17, the surplus/deficit in a defined benefit scheme is the excess/shortfall of the value of the assets in the scheme over/below the present value of the scheme liabilities. The surplus/benefit is recognised in the Balance Sheet.

The change in the defined benefit asset or liability can be analysed as current service cost, the interest cost, the expected return on assets, actuarial gains and losses, past service costs and settlements and curtailments. Each of the above is recognised in the profit and loss account with the exception of the actuarial gains and losses which are recognised in the Statement of total recognised gains and losses.

Tata Tea (GB) Limited**Defined Contribution Schemes**

Pension costs relating to defined contribution schemes represent contributions payable to the scheme for the accounting period. They are recognised in the profit and loss account as they arise.

Further details on the Group's pension schemes are given in note 21.

Turnover

Group turnover comprises sales of goods after deduction of discounts and sales taxes. Statutory turnover is after the deduction of promotional costs required by FRS 5 Application Note G. Turnover is recognised on delivery of the products and services.

Tangible fixed assets and depreciation

Fixed assets are recorded at costs less accumulated depreciation. No depreciation is provided on freehold land. Freehold buildings are depreciated on a straight line basis over 50 years or their estimated remaining useful life, if less. Leasehold buildings are depreciated on a straight line basis over the remaining term of the lease. Other fixed assets are depreciated on a straight line basis over their expected remaining useful lives at the following rates:

Plant and machinery	5 to 12 years
Commercial and motor vehicles	4 to 6 years
Office furniture and fittings	10 years
Computer hardware and software	3 to 5 years

Depreciation is not charged on capital work in progress until the assets are brought into operational use in the business and transferred to the appropriate asset category.

Leased Assets

Tangible fixed assets held under finance leases are capitalised and depreciated in accordance with the Group's depreciation policy or the term of the lease (if shorter). The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding. Operating lease charges are charged to the profit and loss account as incurred.

Research and development

Such expenditure is written off to the profit and loss account as incurred in accordance with SSAP 13.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises that expenditure which has been incurred in the normal course of business in bringing the product to its present location and condition, including attributable overheads.

Deferred tax

Deferred tax is fully provided in respect of timing differences that have originated but not reversed by the balance sheet date. These are based on tax rates that are expected to apply at the time of the reversal, which will be the rates that have either been enacted, or substantially enacted, by the balance sheet date. No deferred tax is provided on permanent timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax on un-remitted earnings of foreign subsidiaries is only provided if dividends have been accrued as receivable or there is a binding agreement to distribute past earnings in the future. Deferred tax balances are not discounted.

Foreign Currencies

The profits of overseas subsidiary and associate undertakings are translated at the weighted average of month end exchange rates. The closing balance sheets of overseas subsidiary and associate undertakings and foreign currency assets and liabilities are translated at period end exchange rates. Exchange differences arising from the restatement of opening balance sheets and profits for the period of overseas undertakings to closing exchange rates are dealt with through reserves, net of differences on related currency borrowings. Exchange differences arising on trading transactions are taken to the profit and loss account at the transaction date.

Financial Instruments

Financial instruments are used for the management of foreign currency and interest rate exposures and are held off balance sheet. Net interest receipts and payments under interest rate swap agreements are recognised over the term of the hedging instrument as part of interest payable. Foreign currency forward contracts are entered into, to hedge economic exposures. Foreign currency forward contracts are retranslated at the period end rate and gains and losses arising on the contracts are matched against foreign currency gains and losses arising on the underlying transaction. Forward currency forward contracts hedging future transactions at the balance sheet date are not retranslated and are held off balance sheet. Foreign currency options are recorded at cost.

Costs incurred in arranging debt facilities are deducted from the amount raised and amortised over the life of the instrument in accordance with FRS 4. Any unamortised costs relating to financing arrangements repaid during the year are written off to the profit and loss account.

Group Profit and Loss Account for the period ended 5 April 2008

		53 week period ended 5 April 2008	52 week period ended 31 March 2007
CONTINUING OPERATIONS	Note	£m	£m
TURNOVER			
Group and share of joint ventures and associate		299.3	287.0
Less: share of joint venture turnover		(18.0)	(16.0)
Less: share of associates turnover		(14.2)	(22.0)
GROUP TURNOVER		267.1	249.0
Deduction of promotional costs		(40.7)	(38.1)
STATUTORY TURNOVER	3	226.4	210.9
OPERATING PROFIT		34.1	33.7
Analysed as:			
GROUP OPERATING PROFIT before exceptional items		35.7	35.3
Exceptional items	4	(1.6)	(1.6)
Share of operating profit from joint ventures		2.9	2.4
Profit on sale of associate	2	207.6	-
Share of operating (loss)/profit from associates		(1.0)	0.4
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		243.6	36.5
Net interest payable and similar charges			
Group	5	(18.6)	(22.1)
Joint ventures		(0.1)	(0.1)
Associates		0.1	0.3
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		225.0	14.6
Tax on profit on ordinary activities			
Group	8	(6.3)	(4.4)
Associates		0.4	(0.3)
PROFIT AFTER TAXATION		219.1	9.9
Minority interests		—	(0.2)
PROFIT FOR THE FINANCIAL PERIOD	20	219.1	9.7

There is no difference between the results as disclosed in the profit and loss account and the results on an historical cost basis.

Tata Tea (GB) Limited
Group Balance Sheet as at 5 April 2008

	Note	5 April 2008 £m	31 March 2007 £m
FIXED ASSETS			
Intangible assets	9	272.0	267.2
Tangible assets	10	23.3	25.2
Investments in joint ventures	11		
Share of joint venture gross assets		5.3	3.8
Share of joint venture gross liabilities		(4.8)	(3.2)
Goodwill arising on acquisition		0.9	0.9
		1.4	1.5
Investments in associates		—	303.3
		296.7	597.2
CURRENT ASSETS			
Stocks	12	25.6	24.0
Debtors	13	131.7	41.6
Cash at bank and in hand	15	257.3	3.3
		414.6	68.9
CREDITORS (amounts falling due within one year)	14	(67.4)	(59.5)
NET CURRENT ASSETS		347.2	9.4
TOTAL ASSETS LESS CURRENT LIABILITIES		643.9	606.6
CREDITORS (amounts falling due after more than one year)			
Borrowings and finance lease obligations	15	(150.0)	(319.0)
Subordinated convertible loan stock	17	—	(10.9)
		(150.0)	(329.9)
PROVISIONS FOR LIABILITIES AND CHARGES			
Reorganisation costs	18(i)	(0.3)	(1.0)
Other provisions	18(ii)	(5.1)	(5.5)
		(5.4)	(6.5)
NET ASSETS EXCLUDING PENSIONS LIABILITY		4.88	270.2
PENSION LIABILITY	21	(8.2)	(8.0)
NET ASSETS		480.3	262.2
CAPITAL AND RESERVES			
Called up share capital	19	235.1	224.4
Profit and loss reserve	20	245.2	37.8
TOTAL SHAREHOLDERS' FUNDS		480.3	262.2

Approved by the Board on 22 May 2008 and signed on its behalf by:

L Krishna Kumar
Group Chief Financial Officer

PD Unsworth
Chief Executive Officer

Group Cash Flow Statement for the period ended 5 April 2008

		53 week period ended 5 April 2008	52 week period ended 31 March 2007
	Note	£m	£m
RECONCILIATION OF OPERATING PROFIT TO NET CASHFLOW FROM OPERATING ACTIVITIES			
Operating profit		34.1	33.7
Depreciation		4.9	5.4
Increase in working capital	22A	1.4	(0.4)
Expenditure against reorganisation provisions	18	(0.8)	0.4
Net movement on other provisions		0.2	(0.1)
Pension cash contribution		(2.7)	(4.2)
Cash flow from operating activities		37.1	34.8
Dividends received from Joint Ventures	11	2.9	3.0
Returns on investments and servicing of finance	22B	(16.1)	(29.8)
Taxation	22C	(5.6)	(4.2)
Capital expenditure	22D	(2.5)	(1.8)
Acquisitions and disposals	22E	452.0	(321.0)
Equity dividend paid		(7.6)	—
Financing	22F	(205.9)	327.5
Increase in cash	16	254.3	8.5
RECONCILIATION OF CASHFLOW TO MOVEMENT IN NET DEBT / CASH			
Increase in cash	16	254.3	8.5
Decrease / (Increase) in borrowings	16	171.7	(182.8)
Change in net debt from cash flows	16	426.0	(174.3)
Borrowings acquired in the year	16	—	—
Non-cash movements	16	3.9	21.1
Movement in cash / net debt		429.9	(153.2)
Opening net debt	16	(331.1)	(177.9)
Closing cash / (net debt)	16	98.8	(331.1)

Tata Tea (GB) Limited**Company Balance Sheet as at 5 April 2008**

	Notes	5 April 2008	31 March 2007
		£m	£m
FIXED ASSETS			
Investments	11	774.0	774.0
CURRENT ASSETS			
Debtors	13	29.2	44.6
Cash at bank and in hand		—	—
		29.2	44.6
CREDITORS (amounts falling due within one year)	14	(100.3)	(98.3)
NET CURRENT LIABILITIES		(71.1)	(53.7)
TOTAL ASSETS LESS CURRENT LIABILITIES		702.9	720.3
CREDITORS (amounts falling due after more than one year)			
Borrowings	15	(465.2)	(485.1)
Subordinated convertible loan stock	17	—	(10.9)
		(465.2)	(496.0)
NET ASSETS		237.7	224.3
CAPITAL AND RESERVES			
Called up share capital	19	235.1	224.4
Profit and loss reserve	20	2.6	(0.1)
TOTAL SHAREHOLDERS' FUNDS		237.7	224.3

Approved by the Board on 22 May 2008 and signed on its behalf by:

L Krishna Kumar
Group Chief Financial Officer

PD Unsworth
Chief Executive Officer

**Statement of Total Recognised Gains and Losses
for the period ended 5 April 2008**

	Group 53 week period ended 5 April 2008 £m	Company 53 week period ended 5 April 2008 £m	Group 52 week period ended 31 March 2007 £m	Company 52 week period ended 31 March 2007 £m
Profit/(loss) for the financial period	219.1	(13.2)	9.9	12.9
Actuarial (loss)/gain on retirement schemes and post retirement benefits	(3.4)	—	3.2	—
Deferred tax relating to pension liability	0.2	—	(0.9)	—
Current tax relating to pension liability	0.8	—	—	—
Currency translation differences on foreign currency net assets and liabilities	(1.7)	—	0.1	—
Total recognised gains/(losses) for the year	215.0	(13.2)	12.3	12.9

Tata Tea (GB) Limited

**Reconciliation of Movements in Shareholders' Funds
for the period ended 5 April 2008**

	Group 53 week period ended 5 April 2008 £m	Company 53 week period ended 5 April 2008 £m	Group 52 week period ended 31 March 2007 £m	Company 52 week period ended 31 March 2007 £m
Profit for the financial period	219.1	(13.2)	9.7	(12.9)
Dividends paid	(7.6)	(7.6)	—	—
Dividends received	—	23.5	—	—
Retained profit for the financial period	211.5	2.7	9.7	(12.9)
Actuarial (loss)/gain on retirement schemes and post retirement benefits	(3.4)	—	3.2	—
Deferred tax relating to pension liability	0.2	—	(0.9)	—
Current tax relating to pension liability	0.8	—	—	—
Currency translation differences on Foreign currency net assets and liabilities	(1.7)	—	0.1	—
Nominal value of ordinary shares issued in the period	10.7	10.7	153.4	153.4
Net addition in shareholders' funds in the year	218.1	13.4	165.5	140.5
Opening shareholders' funds	262.2	224.3	96.7	83.8
Closing shareholders' funds	480.3	237.7	262.2	224.3

Notes to the Financial Statements

1 FINANCIAL PERIOD

This financial period under review runs from 1 April 2007 to 5 April 2008 and is therefore a 53 week period (prior year: 52 weeks ended 31 March 2007).

2 DISPOSAL OF BUSINESS

Energy Brands Inc.

On 22 October 2007, the Group's 25% stake in Energy Brands Inc ("EBI") was sold for a total consideration of £506.3m (£457.2m cash and £49.1m held in escrow).

	£m
Total consideration received	506.3
Less :	
Disposal Costs	(0.2)
Share of Net Assets on disposal	(13.9)
Closing carrying value of Goodwill	(284.6)
Profit on sale of EBI	207.6

The tax effect of the gain arising on disposal of Energy Brands Inc is nil.

3 STATUTORY TURNOVER, NET ASSETS AND OPERATING PROFIT INFORMATION

The principal operations of the Group are the processing, marketing and distribution of tea products and are regarded by the directors as a single class of business.

The origin and destination of the Group's statutory turnover is as follows:

Period ended 5 April 2008:

	Turnover by origin £m	Turnover by destination £m
Continuing Operations		
United Kingdom	161.3	131.2
USA	18.6	20.8
Rest of the World	46.5	74.4
Total Group	226.4	226.4

Period ended 31 March 2007:

	Turnover by origin £m	Turnover by destination £m
Continuing Operations		
United Kingdom	157.3	127.4
USA	21.2	21.1
Rest of the World	32.4	62.4
Total Group	210.9	210.9

The United Kingdom's turnover by origin is shown after deducting inter-segmental turnover to the Rest of the World of £19.5m (2007: £18.6m).

The directors consider the segmental analysis for operating net assets by location and profit on ordinary activities before tax is commercially sensitive information. The disclosure has been excluded from the financial statements on this basis.

Tata Tea (GB) Limited
Group Turnover and Profit Information

Further analysis of the Group's profit and loss account is provided as follows:

Period ended 5 April 2008:

	2008 £m	2007 £m
Group turnover	267.1	249.0
Deduction of promotional costs	(40.7)	(38.1)
Statutory turnover	226.4	210.9
Cost of sales	(138.7)	(126.6)
Gross profit	87.7	84.3
Selling and distribution costs	(32.3)	(27.6)
Administrative expenses	(19.7)	(21.4)
Group operating profit (before exceptionals)	35.7	35.3
Exceptional items	(1.6)	(1.6)
Operating profit	34.1	33.7

All turnover is derived from continuing activities.

The operating profit is stated after charging:

	2008 £m	2007 £m
Auditors' remuneration		
- Audit of parent and consolidated accounts	0.1	0.1
- Audit of subsidiary's pursuant to legislation	0.4	0.3
- non-audit services		
Tax advisory and compliance	0.2	0.1
Due diligence services	—	0.2
Depreciation	4.9	5.4
Operating lease rentals for plant and machinery	—	—
Other operating lease rentals, including land and buildings	2.6	2.2
Research and development costs	0.6	1.0

The Company's audit fee was £nil (2007: £29,000); fees for non-audit services were £nil (2007: £nil). The Group's fees for non-audit services principally relate to advice on taxation, acquisitions and retirement benefits. The Company's fees for audit services in the period were borne by The Tetley Group Limited. Fees for non-audit services that were capitalised as acquisition costs amounted to £nil (2007: £0.4m).

4 EXCEPTIONAL ITEMS

The following exceptional items have been charged during the period:

	2008 £m	2007 £m
Within operating profit:		
Group restructuring programme	1.2	1.2
Acquisition costs written-off	—	0.4
Other	0.4	—
Costs charged to Provisions - note 18 and operating profit	1.6	1.6

The restructuring costs incurred during the period related primarily to redundancies associated with the reorganisation of the UK manufacturing operation, the reorganisation of Tetley Poland following the Vitax and Flosana brands acquisition and the reorganisation of US business following the move to a combined Tetley USA and Good Earth management structure.

5 NET INTEREST PAYABLE AND SIMILAR CHARGES

	2008 £m	2007 £m
Senior debt facilities	12.7	11.6
Subordinated secured revolving credit facility	—	0.6
Subordinated secured sterling credit facility	2.8	2.3
Subordinated secured US dollar credit facility	3.7	3.5
Subordinated convertible unsecured loan notes	0.8	1.5
Issue costs (2007: including write-off £1.5m unamortised issue costs on refinancing)	8.3	3.0
Interest swap gain on closure	(1.6)	(0.4)
Other interest payable	0.5	0.5
FRS 7 interest	(0.7)	(0.3)
Total interest payable	26.5	22.3
Interest receivable	(7.9)	(0.2)
Total	18.6	22.1

Included within issue costs is a write-off of £5.4m being the balance of unamortised issue costs associated with the 2006 refinancing that were written off following the prepayment of debt from the proceeds of the Energy Brands Inc disposal in October 2007. The tax effect of this was a credit of £1.6m. The interest rate swap net gain includes a £2.3m credit in respect of a sterling interest rate swap closed out during the year offset by a £0.7m debit on the closure of a dollar interest rate swap. The tax effect on this was a debit of £0.5m.

6 EMPLOYEES

The average number of persons (including executive directors) employed by the Group during the period was:

	2008 Number	2007 Number
(i) By activity		
Manufacturing	681	695
Sales and distribution	165	160
Administration	175	180
	1,021	1,035
(ii) By geographical segment		
United Kingdom	691	695
USA	185	183
Rest of the World	145	157
	1,021	1,035

There were no employees in the Company.

Employee costs (including directors' remuneration) charged to the Group profit and loss account were as follows:

	2008 £m	2007 £m
Wages and salaries	29.4	27.9
Social security costs	2.3	2.4
Other pension costs	1.5	1.5
Total	33.2	31.8

Tata Tea (GB) Limited
7 DIRECTORS' EMOLUMENTS

The emoluments of the Directors were as follows:

	2008 £m	2007 £m
Salaries	0.8	0.8
Non-executive directors' fees	—	0.1
Bonuses	0.7	0.3
Benefits in kind	0.1	0.1
Compensation for loss of office	0.4	—
Agregate Directors' emoluments	2.0	1.3
Defined contribution Pension scheme contributions	0.1	0.1
Total	2.1	1.4

Directors' pension arrangements at 5 April 2008 are as follows:

	2008 Number	2007 Number
Active members of Defined contribution Pension schemes	2	4
Members of Defined benefit pension scheme who have benefits accruing	1	3

Emoluments of the highest paid director were £878,633 (2007: £406,000) which includes a compensation payment for loss of office of £373,400. The accrued pension was £145,885 (2007: £140,274). In the current year the highest paid director was a member of the defined contribution scheme (2007: defined contribution scheme).

8 TAXATION
Analysis of charge in the period

	2008		2007	
	£m	£m	£m	£m
Current tax:				
UK corporation tax on profits in the period	7.0		4.1	
Adjustments in respect of previous periods	—		0.5	
		7.0		4.6
Foreign tax		(0.5)		1.1
Total current tax		6.5		5.7
Deferred tax:				
Fixed asset timing differences	(0.1)		(0.5)	
Accumulated tax losses recognised	(0.6)		(0.5)	
other timing differences	(0.2)		—	
Effect of change in corporation tax rates on deferred tax	0.3		—	
Pensions related timing differences (offset against pension liability)	—		—	
Total deferred tax		(0.6)		(1.0)
Tax on profit on ordinary activities		5.9		4.7

The accumulated tax losses recognised £0.6m relates to the recognition of accumulated tax losses in the Group's US and Australian subsidiaries. The deferred tax asset associated with these losses has been recognised to the extent that these losses are expected to be utilised in future. For disclosures relating to deferred tax assets not recognised see note 18 (Provisions).

Factors affecting the tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent prevailing during the period). The differences are explained below:-

	2008 £m	2007 £m
Profit on ordinary activities before tax	225.0	14.6
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007: 30%)	67.5	4.4
Effects of:		
Expenses not deductible for tax purposes	0.8	0.2
Depreciation for period in excess of capital allowances	0.2	0.4
Non taxable profits	(62.1)	—
Overseas tax losses not utilised and non-taxable income	0.3	(0.1)
Differences in tax rates on overseas earnings	0.1	0.4
Other items	(0.3)	0.4
Current tax charge for the period	6.5	5.7

Non-taxable income £62.1m relates to the gain on the disposal by Tata Tea (GB) Investments of its 25% shareholding in Energy Brands Inc.

Factors affecting the tax charge for future periods

With effect from 1 April 2008 the applicable UK corporation tax rate has fallen from 30% to 28%.

Deferred tax assets are recognised to the extent that they are considered recoverable. Further unprovided tax assets (for instance in respect of accumulated tax losses in the group's US subsidiaries) may be recognised in future to the extent that the business considers these to have become recoverable.

9 Intangible fixed assets

	Goodwill £m	Brands £m	Total £m
Cost			
At 1 April 2007	279.2	—	279.2
Additions	—	4.8	4.8
At 5 April 2008	279.2	4.8	284.0
Amortisation			
At 5 April 2008 and 1 April 2007	12.0	—	12.0
Net book amount			
At 5 April 2008	267.2	4.8	272.0
At 1 April 2007	267.2	—	267.2

Goodwill

Goodwill relates to the investments made in The Tetley Group in March 2000, in Empirical Group LLC in September 2002, in Good Earth Corporation and Good Earth Teas Inc. in October 2005 and Jemca a.s. in May 2006.

The carrying value of the goodwill has been, and will continue to be, subject to an annual impairment review based on the expected future cashflows of the businesses and adjusted to the higher of NRV or value in use if required.

Whilst this accounting treatment represents a departure from the specific requirements of the Companies Act 1985 (Paragraph 3 of Schedule 4), the directors consider this to be necessary for the overriding purpose of providing a true and fair view in accordance with the Companies Act 1985 (Section 227).

Tata Tea (GB) Limited
Brands

The additions to Brands during the year consist of the purchase of the 'Vitax' and 'Flosana' tea brands for £4.8m. The brands are principally sold in Poland.

The directors have assessed the durability of the brands Vitax and Flosana and concluded that they should be ascribed an indefinite useful life. The primary factors in this decision are the strength of the brands acquired and their respective market positions.

10 Tangible assets

Group	Land and buildings £m	Plant, machinery, fixtures, fittings and equipment £m	Commercial and motor vehicles £m	Capital work in progress £m	Total £m
Cost					
At 1 April 2007	6.3	46.7	0.3	0.7	54.0
Additions	0.1	0.9	—	1.6	2.6
Acquisitions	—	—	—	—	—
Transfers	—	—	—	—	—
Disposals	—	(0.2)	(0.2)	—	(0.4)
Currency adjustments	0.3	0.2	—	—	0.5
At 5 April 2008	6.7	47.6	0.1	2.3	56.7
Depreciation					
At 1 April 2007	0.9	27.8	0.1	—	28.8
Charge for the period	0.2	4.6	0.1	—	4.9
Disposals	—	(0.2)	(0.2)	—	(0.4)
Currency adjustments	—	0.1	—	—	0.1
At 5 April 2008	1.1	32.3	—	—	33.4
Net book amount					
At 5 April 2008	5.6	15.3	0.1	2.3	23.3
At 31 March 2007	5.4	18.9	0.2	0.7	25.2

The net book value of £5.6m (2007: £5.4m) for land and buildings all relates to freehold property.

The book value of tangible assets held under finance lease arrangements is as follows:

Commercial and motor vehicles

	2008 £m	2007 £m
Cost	0.1	0.1
Accumulated depreciation	(0.1)	(0.1)
Net book value	—	—

During the year assets held under finance lease with a net book value of £1,295 were disposed of. The depreciation charge made in the year on remaining finance lease assets was £26,146.

11 INVESTMENTS

The movements in investments in joint ventures during the period are as follows:

Group	Interest Tetley (Bangladesh) Limited	Interest in Empirical Group LLC	Interest in Tetley (Private) Limited	Interest in Joekels Tea Packers (Proprietary) Limited	Total
	£m	£m	£m	£m	£m
At 1 April 2007	0.1	0.5	—	0.9	1.5
Additions	—	—	0.2	—	0.2
Loss for the financial period	(0.1)	(0.1)	(0.1)	—	(0.1)
At 5 April 2008	—	0.4	0.1	0.9	1.4

The movements in the cost of the investments in joint ventures are as follows:

Group	Tetley ACI (Bangladesh) Limited	Empirical Group LLC	Tetley Clover (Private) Limited	Joekels Tea Packers (Proprietary) Limited	Total
	£m	£m	£m	£m	£m
Cost					
Net assets	0.5	—	1.4	—	1.9
Goodwill	—	—	—	0.9	0.9
Share of (loss)/profit retained by JV	(0.5)	14.0	(1.3)	—	12.2
Dividend received	—	(13.4)	—	—	(13.4)
Foreign exchange	—	(0.2)	—	—	(0.2)
At 5 April 2008	—	0.4	0.1	0.9	1.4

Tetley ACI (Bangladesh) Limited:

The joint venture was set up in conjunction with a third party, ACI Limited, in November 2002. Trading began in February 2003. The purpose of the joint venture is to manufacture, market and distribute tea in Bangladesh. The Tetley Group has a 50 percent economic and voting interest in the Company and the right to appoint half the Directors of Tetley ACI (Bangladesh) Limited.

As at 5 April 2008 Enil sales had been made to the Group (31 March 2007: Enil). The Group had a balance due to Tetley ACI (Bangladesh) Limited at 5 April 2008 of Enil (31 March 2007: Enil). Share Capital and reserves in sterling terms were £(50,000) (2007: £25,000). The reported loss for the period was £102,000 (2007: £92,000) and the group's 50% share was £51,000 (2007: £46,000).

Empirical Group LLC:

The joint venture was set up in conjunction with a third party, Harris Freeman LLP, in September 2002. The purpose of the Joint venture is to market and distribute food service and food contract tea in the United States. The Tetley Group has a 56% economic and voting interest in the Company but only has the right to appoint half the Directors of Empirical Group LLC. The joint venture agreement stipulates that control of the entity is shared equally by the Group and Harris Freeman LLP.

As at 5 April 2008 there were £2,500 of sales to the Group (2007: £8,000) and £8,700 purchases from the Group (2007: £14,000), a balance owed to the Group of £11,000 (2007: £24,000) and a balance owed by the Group of Enil (2007: Enil). Share capital and reserves in sterling terms were £0.6m (2007: £1.0m). The reported profit for the period was £4.9m (2007: £4.9m), before dividends paid of £5.3m (2007: £5.2m). The Group's 56% share of the profit for the period was £2.8m (2007: £2.7m), before dividends paid of £2.9m (2007: £2.9m).

Tata Tea (GB) Limited
Tetley Clover (Private) Limited:

The joint venture was set up in conjunction with a third party, Clover Limited, in April 2003. Trading began in December 2003. The purpose of the joint venture is to manufacture, market and distribute tea in Pakistan. The Tetley Group has a 50 percent economic and voting interest in the Company and the right to appoint half the Directors of Tetley Clover (Private) Limited.

As at 5 April 2008 Enil sales and £3.2m purchases had been made from the Group (2007 sales: Enil and purchases: £2.8m). The Group had a balance due from Tetley Clover (Private) Limited at 5 April 2008 of £0.7m (2007: Enil). Share capital and reserves in sterling terms were £0.3m (2007: £46,000). The reported loss for the period was £0.1m (2007: £0.6m). The Group's 50% share of the profit for the period was £48,000 (2007: £14,000).

Joekels Tea Packers (Proprietary) Limited

The joint venture was set up in conjunction with two individuals namely, Jonathan Mortimore Kelsey and Johannes Jakobus Swart, in October 2006. Goodwill arising on acquisition amounted to £0.9m. Trading began in October 2006. The purpose of the joint venture is to manufacture, market and distribute tea in South Africa. The Tetley Group has a 33.3% economic and voting interest in the Company and the right to appoint a third of the directors of Joekels Tea Packers (Proprietary) Limited. It also plays an active role in setting the operating and financial policies of the company and the shareholders' agreement specifies a list of significant items that may not be determined without the unanimous consent of the Board.

As at 5 April 2008 Enil sales and Enil purchases had been made from the Group (2007 sales: Enil and purchases: Enil). The Group had a balance due from Joekels Tea Packers (Proprietary) Limited at 5 April 2008 of £105,000 (2007: Enil). Share capital and reserves in sterling terms were £144,000 (2007: £15,000). The reported profit for the period was £144,000 (2007: £42,000). The Group's 33.3% share of the profit for the period was £48,000 (2007: £14,000).

The movements in associates during the period are as follows:

	£m
At 1 April 2007	303.3
Disposals:	
Net assets	(15.9)
Goodwill	(284.6)
Exchange adjustments	(2.8)
At 5 April 2008	—

During the year the group sold its 25% stake in Energy Brands Inc, accounted for as investment in associate. The disposal is detailed in Note 2.

The movements in investments held by the company during the period are as follows:

COMPANY	Total Shares in Group undertakings £m
Cost	
At 1 April 2007	774.0
Additions	—
At 5 April 2008	774.0

There were no additions made during the year.

The principal subsidiary and associated undertakings within the Group are detailed on page 42. All undertakings are included within the consolidated accounts. The Company has confirmed that it will provide certain subsidiary undertakings with sufficient funds to enable them to meet their obligations and commitments as and when they fall due. The directors believe that these arrangements will not have an adverse impact on the company.

12 Stocks

Group	2008 £m	2007 £m
Raw materials and consumables	15.2	13.6
Work in progress	0.3	0.4
Finished goods	10.1	10.0
Total	25.6	24.0

The difference between the amount shown above for total stocks is not materially different from their replacement cost to the Group.

13 Debtors

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Amounts due within one year:				
Trade debtors	35.7	—	35.0	—
Amounts owed by subsidiary undertakings	—	28.4	—	44.1
Amounts held in Escrow	50.2	—	—	—
Loans to Tata Tea Group Companies	37.0	—	—	—
Other debtors, prepayments and accrued income	3.9	0.8	3.0	—
Other taxes and social security	2.0	—	1.2	0.5
Deferred tax	2.9	—	2.4	—
	131.7	29.2	41.6	44.6

Amounts held in escrow represent funds due to the Group on the disposal of its investment in Energy Brands Inc and is receivable within eighteen months of the date of disposal of the associate. Loans to Tata Tea group companies include a loan to Eight O'clock Coffee (USA) of £32.5m charged at a margin over LIBOR of 4.5% and a loan to Tata Tea Inc (USA) of £4.5m charged at a rate of 6.25%.

14 Creditors (amounts falling due within one year)

	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Bank overdrafts	0.2	—	0.4	—
Senior debt	8.4	8.4	6.4	6.4
Issue costs	(0.8)	(0.8)	(2.7)	(1.2)
Trade creditors	24.0	—	14.5	—
Amount owed to subsidiary undertakings	—	92.3	—	92.2
Corporation tax	3.5	—	2.7	—
Other taxes and social security	0.8	—	0.9	—
Other creditors and accruals	31.3	0.4	37.3	0.9
	67.4	100.3	59.5	98.3

Details of security given in respect of the bank overdrafts and the senior debt are provided in note 15.

Tata Tea (GB) Limited
15 Treasury

Borrowings	Group 2008 £m	Company 2008 £m	Group 2007 £m	Company 2007 £m
Amounts falling due after more than one year:				
Senior debt facilities	152.6	152.6	193.1	193.2
subordinated secured sterling credit facility	—	—	55.8	55.8
Subordinated secured US dollar credit facility	—	—	77.2	—
Issue costs	(2.6)	(2.6)	(7.3)	(5.1)
Other borrowings	—	—	0.2	—
Amounts owed to subsidiary undertakings	—	315.2	—	241.2
	150.0	465.2	319.0	485.1

Group treasury activities are managed centrally by Group Treasury within the policies approved by the Board. The main financial risks faced by the Group are movements in interest rates affecting its borrowing costs and fluctuations in foreign exchange rates in relation to its general trading. Foreign exchange risk in relation to export revenues and import costs is managed by Group Treasury using forward exchange contracts and currency options. No transactions of a speculative nature are undertaken.

The terms of the main funding facilities of the Company are as follows:

Facility	Facility commitment 2008 £m	Amount Drawn 2008 £m	Margin above LIBOR**	Maturity
Senior term Tranche A	76.6	76.6	1.80%	2012 (by semi-annual repayment)
Senior term Tranche B	70.0	70.0	2.00%	2013 (by two terminal bullet repayments)
Senior revolving facility Tranche C	40.0	14.4	1.80%	2012 (final repayment date) *

* The senior revolving facility can be drawn down to a maximum of £40.0m. Repaid amounts can be redrawn and any balance outstanding is repayable in one instalment in October 2012.

** Margins quoted apply to non-collateralised debt (see below).

The company has provided a series of undertakings and covenants to the lenders in connection with the Group's performance consistent with usual practice in such financing arrangements.

The senior credit facility is secured by specific security over the assets of the principal subsidiaries and these arrangements are consistent with the security arrangements for previous financing structures. Lenders under these facilities have no recourse to Tata Tea (GB) Investments Limited other than to the extent that Tata Tea (GB) Investments Limited has offered a proportion of its cash deposits as collateral against the Company's borrowings under the senior credit facility for an agreed fixed term. The Company is able to borrow at LIBOR plus 0.20% on collateralised debt until the expiry of the fixed term in June 2008.

Issue costs arising on the facility are being amortised at a constant rate on the carrying amount over the expected term of the facility.

The analysis of Group borrowings, excluding short-term bank overdrafts, by expected repayment date is as follows:

	2008 £m	2007 £m
Between one and two years	14.2	10.6
Between two and five years	91.3	132.7
After five years by instalments	44.5	183.0
Total borrowings greater than one year	150.0	326.3
Repayable within one year (note 14)	7.6	6.4
Group borrowings (excluding subordinated loan notes 2013)	157.6	332.7

Cash investments

	2008 £m	2007 £m
Bank deposits	7.3	3.3
US dollar money market funds	87.6	—
Sterling money market funds	12.2	—
US dollar structured deposits	100.0	—
Sterling structured deposits	50.2	—
Total	257.3	3.3

The Group has invested the surplus cash arising from the proceeds of the disposal of Energy Brands Inc in a portfolio of money market funds, short term deposits and currency-linked structured deposits.

Structured deposits are enhanced yield structures whose return is linked to movements in currency markets. As the Group is willing to hold its deposits in a mix of US dollars and sterling, the Group has been willing to accept currency risk on conversion of its deposits into either of these currencies in order to achieve a higher yield.

During the period the Group earned a return in excess of 7.30% on the deposits including the effect of currency revaluation gains on dollar deposits of £3.7m.

The fair value of structured deposits at the balance sheet date was a loss of £1.0m.

Derivative financial instruments

Interest rate swaps

The Group enters into interest rate swap arrangements to fix the LIBOR cost of a proportion of its borrowings however at the balance sheet date none were outstanding.

Foreign exchange options

The group has entered into a number of foreign exchange option contracts to hedge its trading exposures. These derivatives are intended to secure a favourable foreign currency conversion rate over a number of fixing dates.

The fair value of these option contracts is a loss of £0.6m at the balance sheet date.

Tata Tea (GB) Limited

Forward foreign exchange contracts

The group had the following forward foreign exchange contracts outstanding at year end:

	2008	2007
	Amount to buy/(sell)	Amount to buy/(sell)
	(millions of currency)	(millions of currency)
	£m	£m
USD	25.4	22.5
AUD	4.9	6.7
PLN	(15.0)	2.5
EUR	(0.8)	(1.8)
CZK	(217.2)	(207.5)
CAD	(14.4)	(2.8)

The Group does not fair value account for forward foreign exchange contracts. However the fair value of these contracts is not materially different to the valuation under the Group's accounting policy for financial instruments.

16 Analysis of net debt

	At 1 April	Cash flow	Non-cash	At 5 April
	2007	movements	movements	2008
	£m	£m	£m	£m
Cash at bank and in hand	3.3	4.0	—	7.3
Other liquid resources	—	250.0	—	250.0
Bank overdraft	(0.4)	0.3	(0.1)	(0.2)
	2.9	254.3	(0.1)	257.1
Borrowings:				
Due within one year	(4.1)	(2.3)	(1.9)	(8.3)
Due after more than one year	(319.0)	173.7	(4.7)	(150.0)
Subordinated convertible unsecured loans notes	(10.9)	0.3	10.6	—
Total	(331.1)	426.0	3.9	98.8

Non-cash movements on the Subordinated convertible unsecured loan notes relate to the issue of share capital to the note holders in lieu of repayment of the debt. Non-cash movements on bank overdrafts relate to the foreign exchange loss on the retranslation of opening foreign currency balances.

17 Subordinated loan stock

	2008	2007
	£m	£m
Company and Group		
subordinated convertible unsecured loan notes	—	10.9

The subordinated convertible unsecured loan notes 2013 carried interest at 7%. The notes were subordinated to the senior credit facility with payment of interest permitted only in accordance with certain tests in the senior credit facility agreement. Interest of £1.1m was paid on these notes during the year (2007: £1.5m). The notes were convertible at any time to 1 ordinary share for every £1 of loan note held and convertible at the holders' request. During the year £10.7m of loan notes were converted into share capital.

18 Provisions for liabilities and charges

(i) Reorganisation costs

Group	Total £m
At 1 April 2007	1.0
Charged to operating profit	1.6
Utilised in period	(2.5)
Currency adjustments	0.2
At 5 April 2008	0.3

The reorganisation costs provision relates primarily to the closure of Russia Branch, the reorganisation of Tetley Poland following the Vitax brands acquisition and retention bonuses payable to Good Earth staff who have stayed with the company since its acquisition in 2005.

(ii) Other Provisions

Group	Deferred Tax £m	Retirement benefits £m	Post Other provisions £m	Total £m
At 1 April 2007	3.1	1.6	0.8	5.5
Credited to profit and loss account	(0.6)	—	—	—
Released in period	—	—	—	—
Transfers	0.3	(0.1)	—	0.2
Utilised in period	—	—	—	—
Currency adjustments	—	—	—	—
At 5 April 2008	2.8	1.5	0.8	5.1

Other provisions of £0.8m are principally for liabilities in respect of litigation costs which are expected to crystallise in the future.

The timing of the utilisation of the deferred tax provisions is uncertain. The major components of the deferred tax balance are as follows:

	2008 £m	2007 £m
Fixed asset timing differences	2.9	3.6
Other timing differences	(0.1)	(0.5)
Deferred tax assets (see note 13)	(2.9)	(2.4)
	(0.1)	0.7

Deferred tax assets not provided within the accounts were as follows:

	2008 £m	2007 £m
Pension and retirement schemes	0.2	0.2
Overseas tax losses	3.8	3.5
Overseas tax assets acquired	3.7	3.8
Other timing differences	1.2	1.0
	8.9	8.5

Overseas tax losses relate to unprovided deferred tax on accumulated tax losses in US subsidiaries. Overseas tax assets acquired relate to a deferred tax asset arising from an election exercised in 2007 to amortise the goodwill arising on acquisition of the Good Earth companies. There is no unprovided deferred tax in respect of the Company.

Tata Tea (GB) Limited
19 Share capital

Group and Company	Nummber (millions)	Share Capital £m
Allotted, called up and fully paid:		
Ordinary shares of £1 each		
At 1 April 2007	224.4	224.4
Allotted during the period	10.7	10.7
At 5 April 2008	235.1	235.1

The authorised share capital of Tata Tea (GB) Limited was £500m on 5 April 2008 (31 March 2007: £500m) and the authorised number of shares on 5 April 2008 was 500m (31 March 2007: 500m).

20 Profit and loss reserve

	Group £m	Company £m
At 1 April 2007	37.8	(0.1)
Profit for the financial year	219.1	10.3
Dividends	(7.6)	(7.6)
	211.5	2.7
Actuarial loss on pension scheme	(3.4)	—
Movement of deferred tax relating to pension liability	0.2	—
Movement on deferred tax relating to pension liability	0.8	—
Currency translation differences on foreign currency liability net assets/liabilities	(1.7)	—
At 5 April 2008	245.2	2.6

Tata Tea (GB) Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The result for the period is disclosed in the Reconciliation of movements in shareholders' funds.

21 Pensions

Total pension costs charged to the Group profit in the period were £0.9m (2007: charge of £1.2m). Of this, a charge of £1.5m (2007: £1.5m) was in respect of defined contribution schemes including £0.2m (2007: £0.2m) in respect of overseas pension schemes. Following the closure of the defined benefit scheme to future accrual on 6 April 2005, there was no charge to operating profit in relation to this scheme over the year.

Additionally in the USA there is a provision for post-retirement liabilities amounting to £0.5m (2007: £0.6m).

UK

The Group sponsors a defined benefit pension plan, the Tetley GB Final Salary Scheme (the "Scheme"), in the UK with benefits based on final salary.

The Group closed the Scheme to future accrual with effect from 6 April 2005. At this point, all active Scheme members moved to a deferred status under the Scheme. All such Scheme members were eligible to join the UK defined contribution plan.

The latest valuation of the Scheme for funding purposes was carried out at 6 April 2005 and revealed a deficit of £19.1 million, and with effect from April 2006, the Company has agreed to pay contributions of £2.7 million per annum for 10 years to remove this deficit.

Over the year to 5 April 2008, the Company has paid contributions to the Scheme of £2.7m.

We set out below disclosures on this Scheme in accordance with Financial Reporting Standard 17, "Retirement Benefits".

The disclosures below are based on the results of the 6 April 2005 funding valuation, updated to 5 April 2008 by an independent, professionally qualified actuary using the projected unit method.

The major financial assumptions used by the actuary were:

	5 April 2008 %	31 March 2007 %	1 April 2006 %
Discount rate	6.40	5.30	4.90
Inflation assumption	3.50	3.15	2.85
Rate of increase in salaries	N/A	N/A	N/A
Rate of increase in pensions in payment	3.65	3.40	3.10
Rate of increase in pensions in deferment	3.50	3.15	3.00

The assets in the scheme were:

	Expected return on assets 5 April 2008	Value at 5 April 2008 £m	Expected return on assets 31 March 2007	Value at 31 March 2007 £m	Expected return on assets 1 April 2006	Value at 1 April 2006 £m
Equities	7.6%	30.5	7.8%	42.7	7.3%	39.8
Bonds	6.5%	26.3	5.4%	14.7	4.9%	13.3
Property	6.9%	9.1	7.1%	10.3	6.6%	9.0
Cash	4.5%	0.5	4.5%	0.9	4.0%	0.5
Total market value of assets		66.4		68.6		62.6
Present value of scheme liabilities		(77.8)		(80.0)		(81.7)
Deficit in the scheme		(11.4)		(11.4)		(19.1)
Related deferred tax asset		3.2		3.4		5.7
Net pension liability		(8.2)		(8.0)		(13.4)

Analysis of the amount credited to other finance income

	Period to 5 April 2008 £m	Period to 31 March 2007 £m
Expected return on pension scheme assets	4.9	4.2
Interest on pension scheme liabilities	(4.2)	(3.9)
Net return	0.7	0.3

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)

	Period to 5 April 2008 £m	Period to 31 March 2007 £m
Actual return less expected return on pension scheme assets	(6.8)	0.3
Experience gains and losses arising on the scheme liabilities	(2.1)	1.0
Changes in demographic and financial assumptions underlying the present value of the scheme liabilities	5.5	1.9
Actuarial (loss)/gain recognised in the statement of recognised gains and losses	(3.4)	3.2

Tata Tea (GB) Limited
Movement in deficit during the period

	Period to 5 April 2008 £m	Period to 31 March 2007 £m
<i>Deficit in the scheme at beginning of the period</i>	(11.4)	(19.1)
<i>Movement in period</i>		
Current service cost	—	—
Employer contributions	2.7	4.2
Past service costs	—	—
Curtailment gain	—	—
Other finance income	0.7	0.3
Actuarial (loss)/gain recognised in statement of recognised gains and losses	(3.4)	3.2
Deficit in scheme at end of period	(11.4)	(11.4)

History of experience gains and losses

	Period to 5 April 2008 £m	Period to 31 March 2007 £m	Period to 1 April 2006 £m	Period to 2 April 2005 £m	Period to 3 April 2004 £m
<i>Difference between the expected and actual return on scheme assets:</i>					
Amount	(6.8)	0.3	9.0	2.2	6.1
Percentage of scheme assets at period end	(10.2%)	0.4%	14.4%	4.3%	13.8%
<i>Experience gains and losses of scheme liabilities:</i>					
Amount	(2.1)	1.0	(1.2)	(0.3)	1.5
Percentage of the present value of the scheme liabilities at period end	(2.7%)	1.3%	(1.5%)	(0.4%)	2.4%
<i>Total amount recognised in statement of total recognised gains and losses:</i>					
Amount	(3.4)	3.2	(3.6)	0.8	7.8
Percentage of the present value of the scheme liabilities at period end	(4.4%)	4.0%	(4.4%)	1.2%	12.5%

The Group has also established a defined contribution scheme, administered by independent pension advisers and invested by external managers for employees joining the Group after July 1995. The contributions made during the year were £1.4m (2007: £1.3m). At the end of the year, contributions of £0.1m (2007: £0.2m), representing the unpaid contributions for April 2008, were outstanding.

USA

The US 401(k) employee savings investment plan, a defined contribution scheme, is the main US scheme. The Group contributes to this scheme at varying levels with further discretionary contributions if certain business objectives are met.

There are other post-retirement liabilities that arise principally in the USA. In particular, unfunded life assurance benefits are offered for some retirees in the USA. A full actuarial valuation was carried out as at 5 April 2008 by a qualified independent actuary. This showed liabilities of £0.5m calculated using a discount rate of 6.0%. No current employees will be entitled to this benefit on retirement.

Other overseas

The Group also participates in various other defined benefit and defined contribution schemes for employees outside the UK and USA. These schemes remain funded at the appropriate levels and contributions are made in accordance with respective obligations under each plan.

Directors' pension arrangements

Details of directors' pension arrangements are included in Note 6.

22 Cashflow analysis

A Movement in Working Capital

	2008 £m	2007 £m
Increase in stock	(1.7)	(1.0)
Increase in debtors	(3.5)	(2.8)
Increase in creditors	6.6	3.4
	1.4	(0.4)

B Returns on Investments and Servicing of Finance

	2008 £m	2007 £m
Issue costs on borrowings and non-equity shares	(1.7)	(10.3)
Interest received	7.9	0.2
Interest paid	(22.3)	(19.7)
	(16.1)	(29.8)

C Taxation

	2008 £m	2007 £m
Tax paid	(5.6)	(4.2)

D Capital Expenditure and Financial Investment

	2008 £m	2007 £m
Purchase of tangible fixed assets	(2.5)	(1.8)

E Acquisitions and Disposals

	2008 £m	2007 £m
Cash injections into Joint Ventures	(0.4)	(0.3)
Purchase of Joint Ventures	—	(0.9)
Purchase of associates	—	(307.4)
Purchase of trade and net assets	(4.8)	(12.4)
Disposal of associates	506.3	—
EBI sale escrow	(49.1)	—
Net cash inflow/(outflow) arising from acquisitions	452.0	(320.9)

Tata Tea (GB) Limited
F Financing

	2008 £m	2007 £m
Senior debt draw down	—	209.6
Subordinated revolving credit facility draw down	—	55.8
Subordinated US dollar credit facility draw down	—	81.2
Subordinated convertible unsecured loan notes (2013) draw down	—	0.3
Total inflow from financing	—	346.9
Repayment of Senior debt	(38.1)	(134.8)
Repayment of guaranteed unsecured floating rate loan notes (2006)	—	(1.5)
Repayment of Subordinated convertible unsecured loan notes (2013)	(0.3)	(19.0)
Repayment of Subordinated revolving credit facility	(55.8)	(17.5)
Repayment of Subordinated US dollar credit facility	(74.5)	—
Capital element of finance lease repayments	(0.2)	—
Loan to Tata Tea Inc	(4.5)	—
Loan to Eight O'Clock Coffee	(32.5)	—
Issue of share capital	—	153.4
Net cash (outflow)/inflow from financing	(205.9)	327.5

23 Contingent liabilities
Group

There were contingent liabilities at 5 April 2008 in respect of forward exchange contracts, 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 and are centrally monitored by Group Treasury. Because the value of many of these liabilities is dependent on future market price movements, the directors believe that it is not practicably possible to provide an estimate of the Group's potential liability under such arrangements.

The Group is involved in certain litigation, relating principally to the USA. The directors believe that adequate provision has been made within these accounts for any potential costs (see note 18) and expect no material effect on the net asset position of the Group.

Company

At 5 April 2008 the Company had given certain guarantees in respect of the financing arrangements and trading activities of subsidiary undertakings, all in the ordinary course of their business. The directors believe that it is not practicable to provide an estimate of the potential liability under these guarantees, but the potential liability is not anticipated to be material to the results of the Company.

24 Operating leases

The Group had annual commitments under non-cancellable operating leases, as follows:

	Land and buildings 2008 £m	Other 2008 £m	Land and buildings 2007 £m	Other 2007 £m
Commitment expires:				
Within one year	0.1	0.2	—	0.1
Between one and five years	0.9	0.3	0.5	0.3
After five years	1.4	—	1.7	—
	2.4	0.5	2.2	0.4

25 Related party transactions

There have been no related party transactions other than those disclosed in notes 11 and 13 entered into during the year which require disclosure under FRS 8.

26 Capital commitments

Capital expenditure authorised by the Board and contracted for at 5 April 2008 was £0.6m (2007 £0.2m). This amount is not provided for within the Group's financial statements.

27 Post balance sheet events

No significant post balance sheet events have occurred.

28 Ultimate parent company

The company's shares are owned by Tata Tea Limited, a company incorporated in India (30.1 percent); Tata Sons Limited, a company incorporated in India (4.3 percent), Tata Tea Inc, a company incorporated in the USA (10.6 percent), Tata Limited, a company incorporated in the UK (6.4 percent), Tata Enterprises (Overseas) AG, a company incorporated in Switzerland (10.6 percent) and Tata Tea (GB) Capital Limited, a company incorporated in the UK (38.1 percent). Tata Tea Limited, either directly or through its wholly owned subsidiaries, Tata Tea Inc and Tata Tea (GB) Capital Limited, owns 78.8% of the Company. The Company's ultimate holding company and controlling party is Tata Tea Limited, a company incorporated in India. The consolidated financial statements of the ultimate holding company are available from Tata Tea Limited, 1 Bishop Lefroy Road, Calcutta, 700 020.

Principal subsidiary undertakings and associates

NAME OF UNDERTAKING	COUNTRY OF INCORPORATION	PROPORTION OF EQUITY AND VOTING RIGHTS HELD	ACCOUNTING YEAR-END DATE
The Tetley Group Limited	UK	100%	5 April
Tetley GB Limited	UK	100%	5 April
Tetley USA Inc	USA	100%	5 April
Tetley Canada Inc	Canada	100%	5 April
Tetley Australia Pty Ltd	Australia	100%	5 April
Tetley Overseas Limited	UK	100%	5 April
Stansand (Africa) Limited	Kenya	100%	5 April
Stansand (Central Africa) Limited	Malawi	100%	5 April
Tetley Polska Sp. z.o.o.	Poland	100%	31 March
Empirical Group LLC	USA	56%	5 April
Southern Tea LLC	USA	50%	31 December
Tetley ACI (Bangladesh) Limited	Bangladesh	50%	31 December
Tetley Clover (Private) Limited	Pakistan	50%	30 June
Drassington Limited	UK	94%	5 April
Good Earth Corporation	USA	100%	5 April
Good Earth Teas Inc	USA	100%	5 April
Teapigs Ltd	UK	100%	31 March
Tata Tea (GB) Investments Limited	UK	100%	5 April
Jemca a.s.	Czech Republic	100%	31 March
Joekels Tea Packers (Proprietary) Limited	South Africa	33.3%	31 March

Tata Tea (GB) Limited

Southern Tea LLC meets the definition of a joint arrangement and has been accounted for in accordance with FRS9, 'Associates and Joint Ventures'. Southern Tea accounts are consolidated for the period from 1 April 2007 to 5 April 2008.

Empirical Group LLC, Tetley ACI (Bangladesh) Limited, Tetley Clover (Private) Limited and Joekels Tea Packers (Proprietary) Ltd meet the definition of a joint venture and have been accounted for in accordance with FRS9. Tetley ACI (Bangladesh) accounts are consolidated from 1 April 2007 to 5 April 2008.

All undertakings operate within their country of incorporation, in the tea sector and are included within the consolidated financial statements.

The company has taken advantage of S 231(5) of the Companies Act 1985 not to present the full list of its subsidiary undertakings.

The company's shares are owned by Tata Tea Limited, a company incorporated in India (30.1 percent); Tata Sons Limited, a company incorporated in India (4.3 percent), Tata Tea Inc, a company incorporated in the USA (10.6 percent), Tata Limited, a company incorporated in the UK (6.4 percent), Tata Enterprises (Overseas) AG, a company incorporated in Switzerland (10.6 percent) and Tata Tea (GB) Capital Limited, a company incorporated in the UK (38.1 percent).

Tata Tea Limited owns 100% of Tata Tea Inc and Tata Tea (GB) Capital Limited and therefore holds 78.8% of the share capital of Tata Tea (GB) Limited. The Group is exempt under FRS8, 'Related Party Disclosures', from disclosing related party transactions between Group companies.

Drassington Limited meets the definition of a subsidiary and has been accounted for in accordance with FRS2, 'Accounting for Subsidiary Undertakings'.

FORM 2B

(See rules 4 CCC and 5 D)

NOMINATION FORM

(To be filled in by individual applying singly or jointly)

I/We, _____ the holder (s) of Shares/Debentures/Deposits bearing

Folio/Receipt Number _____ and accruals thereon of Tata Tea Limited wish to make a nomination and do hereby nominate the following person in whom all rights of transfer and/or amount payable in respect of shares/debentures/deposits shall vest in the event of my/our death.

Name and Address of Nominee

Name : _____

Address : _____

Pincode : _____

Date of Birth* : _____

(to be furnished in case
the nominee is minor

Signature of Nominee
(Optional)

*The nominee is a minor whose Guardian is -
Name and Address of Guardian _____

Signature(s) of Holder(s)

Signature : _____
(1st Holder)

Signature : _____
(1st Joint holder, if any)

Name : _____

Name : _____

Address : _____

Address : _____

Date : _____

Date : _____

Signature of Two Witnesses

1. _____ Name and Address _____ Signature with Date _____

2. _____

Instructions :

1. The Nomination can be made by individuals only applying/holding shares/debentures/deposits on their own behalf singly or jointly upto two persons. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the securities are held Jointly, all joint holders will sign the Nomination Form.
2. A minor can be nominated by holders of shares/debentures/deposits and in that event the name and address of the Guardian shall be given by the holders.
3. The nominee shall not be a Trust, Society, Body Corporate, Partnership Firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A Non-resident Indian can be a nominee on repatriable basis provided RBI approval granted to the nominee is registered with the Company.
4. Nomination shall stand rescinded upon transfer of shares/debentures.
5. Transfer of shares/debentures in favor of a nominee and repayment of amount of deposits to nominee shall be valid discharge by a Company against the legal heir.

FOR OFFICE USE ONLY

Nomination Regn. No. : _____ Checked by : _____

Date of Registration : _____ Signature of Employee : _____

GUIDELINE FOR NOMINATION

1. Nomination Per Folio -

Nomination for only one folio can be made on this Form. In case you have many folios, then you may take a photocopy of this Form and nominate separately.

2. Signatures -

The sole/joint holders should sign as per the specimen signature recorded with the company, else the Form is liable to be rejected.

3. Registration of Nomination -

Upon receipt of a duly executed Nomination Form, TSR Darashaw Limited will register the nomination and allot a Registration number. This number will be furnished to the holder. All the subsequent correspondence regarding the nomination may please be done quoting the Registration number.

4. Change of Nomination -

The holder(s) can override (delete or change) an earlier nomination by executing a fresh Nomination Form for which a fresh registration number will be allotted. The earlier nomination will automatically stand cancelled.

5. Change in composition of the account -

Nomination stands rescinded upon transfer of shares/debentures. Whenever the shares/debentures in the given folio are transferred/transposed/transmitted/dematerialised/amalgamated with some other folio, then this nomination stands void. A new Nomination Form will have to be filled by the person(s) in whose name(s) the shares/debentures have been transferred/transposed/transmitted/amalgamated.

6. Electronic Holding -

The nomination given in the Form would be considered for the physical holding only. In case securities are held in electronic form, then the holder(s) have to approach the Depository Participant for registering their nomination.

7. Accruals and Acquisition -

Once a nomination is registered by a Company for a given folio, the same is valid for all future accruals and acquisitions made by the holder(s) in that folio unless notified to the contrary by the holder(s). The accruals could be in the form of Rights, Bonus, Purchases from open market under the same folio etc.

8. Validity of Nomination -

The nomination made through Form 2B will be considered valid and recognised by the Company if the nomination made by the holder(s) of the shares/debentures/deposits is registered with the Company before the death of the holder(s) of the shares/debentures/deposits.

9. Entitlement of nominee -

The nominee will be entitled to all the rights in the shares/debentures/deposits of the Company only in the event of the death of the Sole/all holders in the account. The nominee will be required to approach the Company for transmitting the securities in his/her name and will be required to produce the death certificate of the holder(s), the shares/debentures/deposit certificates and proof of identity as required by the Board of Directors of the Company. The Registration number under which the nomination was registered should also be provided to the Company.

10. Date of Execution -

Kindly note that nomination being a legal document should be dated by the nominator and the witnesses certifying that the Form has been signed by the nominator in their presence. Furthermore the date of execution on the Nomination Form should match with the date of witnesses, witnessing the document,



Registered Office : 1 Bishop Lefroy Road, Kolkata 700 020

Dear Shareholder,

SUB : PAYMENT OF DIVIDEND THROUGH ELECTRONIC CLEARING SERVICE (ECS)

Securities and Exchange Board of India (SEBI) has made it MANDATORY for all the companies to use the bank account details furnished by the investors for distributing dividends through Electronic Clearing Service (ECS) to the investors wherever ECS and bank details are available in the absence of ECS facility, the companies are required to print the bank account details, if available, on the payment instrument, for the distribution of dividends to the investors.

Salient features of the scheme :

• Instant Credit

This facility provides instant credit of dividend amount to your bank account electronically at no cost. **ECS also eliminates the delay in postal transit and fraudulent encashment of warrants.**

• Coverage

ECS through RBI clearing is presently available at Mumbai, New Delhi, Kolkata, Chennai, Ahmedabad, Bangalore, Hyderabad, Kanpur, Nagpur, Jaipur, Chandigarh, Patna, Bhubaneshwar, Guwahati and Thiruvananthapuram. ECS facility is also available at other center through State Bank of India.

• Procedure for credit

Under this facility, the amount of dividend payable to you would be directly credited to your bank account. Your bank branch will credit your account and indicate the credit entry as 'ECS transaction' in your passbook/statement of account.

In case ECS facility is not made available to you by the Company/their Bankers at a particular centre the dividend amount due to you would be remitted by means of a dividend warrant which would be posted to your address with the particulars of the bank branch and account number furnished by you, duly incorporated on it.

If you wish to avail of this facility & hold shares in physical form, kindly fill the Form printed overleaf and return the same alongwith a **xerox copy of the cheque** pertaining to the Bank Account where you would like the amount to be credited. Please send the same to our above mentioned address or any of our branch addresses as mentioned below, to enable us to credit the future dividend entitlements, if any to your account through ECS.

This arrangement is subject to the RBI guidelines issued from time to time.

Bank particulars to be incorporated on warrants

If you do not wish to opt for ECS facility, we request you to provide us your bank details for printing the same on the dividend warrants which will be mailed to you in future, in the space provided overleaf. In case you have already furnished these particulars, and if there is any change/correction in the same, kindly fill up the required details.

In case if you have dematerialised your shares and hold shares in electronic form, kindly convey necessary bank details to your Depository Participant.

Thanking you
Yours faithfully,

For TSR DARASHAW LIMITED
Centralised Correspondence Cell

**TSR DARASHAW LIMITED
BRANCH OFFICES**

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503, BARTON CENTRE, 5TH FLOOR
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JAMSHEDPUR - 831 001.
TELEPHONE : 0657-2426616
FAX : 0657-2426937
E-MAIL : tsrdljrs@tsrdarashaw.com

All queries to be addressed to the Company's Registrars & Transfer Agent :

TSR DARASHAW LIMITED

(Unit : Tata Tea Limited)

6-10 Haji Moosa Patrawala Ind. Estate, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.

Tel. : 022 66568484 • Fax : 022 66568494

email : csg-unit@tsrdarashaw.com • Website : www.tsrdarashaw.com

SR NO. :

E-mail ID		
Telephone No. :	STD Code	Tel. No.

TSR DARASHAW LIMITED
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MAHALAXMI, MUMBAI 400 011.

UNIT : TATA TEA LIMITED

Dear Sir,

This has reference to your circular dated printed overleaf.

I request the Company to register the bank details against my account as given below :

FOLIO NO. :
NAME (S) OF THE HOLDERS :
NAME & ADDRESS OF THE BANK BRANCH :
ACCOUNT TYPE : ☐ SAVINGS ☐ CURRENT ☐ CASH CREDIT
ACCOUNT NO. :

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We request you to kindly :

(PLEASE TICK ☒ FOR THE FACILITY YOU OPT)

1. ☐ Mail the warrant directly to the bank.
2. ☐ Mail the warrant at my registered address with the bank particulars incorporated.
3. ☐ Directly credit to the account through Electronic Clearing System (ECS).

* **If opted for ECS, kindly provide the following information.**

9 DIGIT CODE NUMBER OF THE BANK AND BRANCH AS
APPEARING ON THE MICR CHEQUE ISSUED BY THE BANK
LEDGER FOLIO NO. (IF ANY) OF YOUR ACCOUNT

(in case if you have opted for ECS, affix photocopy of your cheque here)

I hereby declare that the particulars given are correct and complete. If the payment transaction through ECS is delayed or not effected at all for any reasons, I would not hold the Company responsible.

Date : _____

Signature of the first holder