

**BALMER LAWRIE (TEA) LIMITED**  
**– Wholly-owned Subsidiary of Balmer Lawrie (UK) Limited**

**Pursuant to Approval given under Section 212(8) of the Companies Act, 1956 by the  
Ministry of Company Affairs, Government of India**

**Financial Statements for the year ended 31st March, 2005 with corresponding  
figures for the previous year are furnished in Indian Rupees converted at the  
exchange rate as on 31.03.2005 – Rs. 81.06/GBP**

## BALMER LAWRIE (TEA) LIMITED

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

		<u>Year ended</u> <u>31 March, 2005</u>	<u>Period ended</u> <u>31 March, 2004</u>
	Notes	Rs.	Rs.
<b>Turnover</b>		<b>7,74,37,672</b>	—
Cost of sales		<b>(4,62,13,279)</b>	—
<b>Gross Profit</b>		<b>3,12,24,393</b>	—
Administration expenses		<b>(3,01,15,898)</b>	—
<b>Operating Profit</b>	<b>2</b>	<b>11,08,495</b>	—
Interest payable and similar charges	<b>3</b>	<b>(18,69,325)</b>	—
<b>Loss on ordinary activities before taxation</b>		<b>(7,60,830)</b>	—
Tax on loss on ordinary activities	<b>4</b>	<b>5,66,853</b>	—
<b>Loss on ordinary activities after taxation</b>	<b>12</b>	<b>(1,93,977)</b>	—

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# BALMER LAWRIE (TEA) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2005

		2005		2004	
	Notes	Rs.	Rs.	Rs.	Rs.
<b>Fixed Assets</b>					
Tangible assets	5		3,32,73,022		—
<b>Current Assets</b>					
Stocks		3,24,92,658		—	
Debtors	6	2,31,26,256		—	
Cash at bank and in hand		—		8,106	
		<u>5,56,18,914</u>		<u>8,106</u>	
<b>Creditors : amounts falling due within one year</b>	7	<u>(4,38,37,491)</u>		—	
<b>Net current liabilities</b>			<u>1,17,81,423</u>		<u>8,106</u>
<b>Total assets less current liabilities</b>			<u>4,50,54,445</u>		<u>8,106</u>
<b>Creditors : amounts falling due after more than one year</b>	8		(1,65,31,782)		—
Deferred tax liability	9		(37,31,030)		—
			<u>2,47,91,633</u>		<u>8,106</u>
<b>Capital and reserves</b>					
Called up share capital	11		2,49,85,610		8,106
Profit and loss account	12		(1,93,977)		—
<b>Shareholders' funds – equity interests</b>	13		<u>2,47,91,633</u>		<u>8,106</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act, 1985 relating to small companies

# BALMER LAWRIE (TEA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

### 1. ACCOUNTING POLICIES

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows :

Land and buildings Freehold	2% and 5%	Straight line basis
Plant and machinery	15%	Straight line basis
Fixtures, fittings & equipment	25%	Straight line basis
Motor vehicles	25%	Straight line basis

#### 1.4 Leasing and hire purchase commitments

Assets held under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

#### 1.5 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.6 Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year in accordance with FRS 17.

#### 1.7 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2. OPERATING PROFIT

	2005	2004
	Rs.	Rs.
Operating profit is stated after charging :		
Depreciation of tangible assets	23,40,850	—
Loss on foreign exchange transactions	11,511	—
Auditors' remuneration and after crediting :	3,03,975	—
Profit on disposal of tangible assets	(2,44,639)	—

During the year the directors did not receive any remuneration.

# BALMER LAWRIE (TEA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

### 3. INTEREST PAYABLE

	<u>2005</u>	<u>2004</u>
	Rs.	Rs.
Included in interest payable is the following amount :		
Hire purchase interest	<u>1,15,105</u>	<u>—</u>

### 4. TAXATION

	<u>2005</u>	<u>2004</u>
	Rs.	Rs.
<b>Current tax charge</b>	—	—
<b>Deferred tax</b>		
Deferred tax charge/credit current year	<u>(5,66,853)</u>	<u>—</u>
<b>Factors affecting the tax charge for the year</b>		
Loss on ordinary activities before taxation	<u>(7,60,830)</u>	<u>—</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19%	<u>(1,44,530)</u>	<u>—</u>
Effects of :		
Non deductible expenses	24,156	—
Depreciation add back	4,44,695	—
Capital allowances	(2,59,878)	—
Other tax adjustments	(64,443)	—
	<u>1,44,530</u>	<u>—</u>
<b>Current tax charge</b>	<u>—</u>	<u>—</u>

### 5. TANGIBLE FIXED ASSETS

	<u>Land and buildings</u>	<u>Plant and machinery etc.</u>	<u>Total</u>
	Rs.	Rs.	Rs.
<b>Cost</b>			
At 1 April 2004			
Additions	3,05,06,930	64,06,172	3,69,13,102
Disposals	—	(15,17,930)	(15,17,930)
At 31 March 2005	<u>3,05,06,930</u>	<u>48,88,242</u>	<u>3,53,95,172</u>
<b>Depreciation</b>			
At 1 April 2004			
On disposals	—	(2,18,700)	(2,18,700)
Charge for the year	3,68,823	19,72,027	23,40,850
At 31 March 2005	<u>3,68,823</u>	<u>17,53,327</u>	<u>21,22,150</u>
<b>Net book value</b>			
At 31 March 2005	<u>3,01,38,107</u>	<u>31,34,915</u>	<u>3,32,73,022</u>

# BALMER LAWRIE (TEA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (Contd.)

Included above are assets held under finance leases or hire purchase contracts as follows :

	2005	2004
	Rs.	Rs.
<b>Net book values</b>		<b>Motor Vehicles</b>
At 31 March 2005		15,39,735
<b>Depreciation charge for the year</b>		
At 31 March 2005		6,90,874
<b>6. DEBTORS</b>		
	2005	2004
	Rs.	Rs.
Trade debtors	1,25,04,072	—
Amounts owed by parent company	85,97,791	—
Other debtors	20,24,393	—
	2,31,26,256	—
<b>7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
	2005	2004
	Rs.	Rs.
Bank loans and overdrafts	1,86,39,747	—
Net obligations under hire purchase contracts	6,00,655	—
Trade creditors	98,93,697	—
Amounts owed by group undertakings	1,03,28,341	—
Taxation and social security	5,03,626	—
Other creditors	38,71,425	—
	4,38,37,491	—
<b>8. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
	2005	2004
	Rs.	Rs.
Bank loans	1,57,91,623	—
Net obligations under hire purchase contracts	7,40,159	—
	1,65,31,782	—
<b>Analysis of loans</b>		
Wholly repayable within five years	1,62,12,000	—
Included in current liabilities	(4,20,377)	—
	1,57,91,623	—
<b>Loan maturity analysis</b>		
In more than one year but not more than two years	4,46,560	—
In more than two years but not more than five years	15,20,767	—
In more than five years	1,38,24,296	—

# BALMER LAWRIE (TEA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (Contd.)

The company has a bank loan of Rs. 1,62,12,000 secured by a charge on 1 and 3 St Martins Court, Aston Road, Bedford and land lying north of Cambridge Road, Bedford and an overdraft facility secured by a second charge on the same property and land.

	<u>2005</u>	<u>2004</u>
	Rs.	Rs.
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	6,00,655	—
Repayable between one and five years	7,40,159	—
	<u>13,40,814</u>	<u>—</u>
Included in liabilities falling due within one year	(6,00,655)	—
	<u>7,40,159</u>	<u>—</u>
<b>9. PROVISIONS FOR LIABILITIES AND CHARGES</b>		<b>Deferred tax liability</b>
		Rs.
Transfer from group company		42,97,883
Profit and loss account		(5,66,853)
Balance at 31 March 2005		<u>37,31,030</u>
<b>The deferred tax liability is made up as follows :</b>		
	<u>2005</u>	<u>2004</u>
	Rs.	Rs.
Accelerated capital allowances	<u>37,31,030</u>	<u>—</u>
<b>10. PENSION COSTS</b>		
<b>Defined contribution</b>	<u>2005</u>	<u>2004</u>
	Rs.	Rs.
Contributions payable by the company for the year	<u>2,79,657</u>	<u>—</u>
<b>11. SHARE CAPITAL</b>		
	<u>2005</u>	<u>2004</u>
	Rs.	Rs.
<b>Authorised</b>		
10,00,000 Ordinary Shares of £1 each	<u>8,10,60,000</u>	<u>—</u>
<b>Allotted, Called Up &amp; Fully Paid</b>		
3,08,236 Ordinary Shares of £1 each	<u>2,49,85,610</u>	<u>8,106</u>

In consideration for the transfer of the net assets of Balmer Lawrie (UK) Limited's tea division 3,08,136 ordinary shares of £1 each were allotted as fully paid on 4 January 2005.

# BALMER LAWRIE (TEA) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005 (Contd.)

### 12. STATEMENT OF MOVEMENT ON PROFIT AND LOSS ACCOUNT

**Profit and  
Loss Account**  
Rs.

Retained loss for the period (1,93,977)

### 13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2005</u>	<u>2004</u>
	Rs.	Rs.
Loss for the financial year	(1,93,977)	—
Proceeds from issue of shares	<u>2,49,77,504</u>	<u>8,106</u>
Net addition to shareholders' funds	2,47,83,527	8,106
Opening shareholders' funds	8,106	—
Closing shareholders' funds	<u><u>2,47,91,633</u></u>	<u><u>8,106</u></u>

### 14. CONTROL

The immediate parent company is Balmer Lawrie (UK) Limited, a company registered in England and Wales, and the ultimate parent company is Balmer Lawrie & Co Limited, a company registered in India.

### 15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

# BALMER LAWRIE (TEA) LIMITED

## DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Year ended 31 March, 2005		Period ended 31 March, 2004	
	Rs.	Rs.	Rs.	Rs.
<b>Turnover</b>				
Sales		7,74,37,672		—
<b>Cost of sales</b>				
Purchases	7,87,05,937		—	
Closing stock - finished goods	(1,05,55,876)		—	
Closing stock - work in progress	(19,52,168)		—	
Closing stock - raw materials	(1,90,31,105)		—	
Closing stock - Gold Crown Foods	(9,53,509)		—	
		<u>4,62,13,279</u>		<u>—</u>
<b>Gross profit</b>	40.32%	3,12,24,393		—
Administration expenses		<u>3,01,15,898</u>		<u>—</u>
<b>Operating profit</b>		11,08,495		—
<b>Interest payable</b>				
Bank interest paid	17,54,220		—	
Hire purchase interest paid	1,15,105		—	
		<u>18,69,325</u>		<u>—</u>
<b>Loss before taxation</b>	0.98%	<u>(7,60,830)</u>	—	<u>—</u>

# BALMER LAWRIE (TEA) LIMITED

## SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2005

	Year ended 31 March, 2005	Period ended 31 March, 2004
	Rs.	Rs.
<b>Administrative expenses</b>		
Wages and salaries	1,43,07,982	—
Staff pension costs	2,79,657	—
Rent and rates	10,81,178	—
Insurance	6,43,941	—
Light and heat	2,69,687	—
Cleaning	3,16,377	—
Repairs and maintenance	3,07,785	—
Carriage charges	16,12,121	—
Printing, postage and stationery	3,38,507	—
Advertising	26,08,268	—
Telephone	3,55,853	—
Computer running costs	47,177	—
Motor running expenses	5,33,861	—
Travelling expenses	9,42,647	—
Entertaining	1,27,345	—
Legal and prof fees	4,42,588	—
Consultancy fees	4,87,981	—
Audit fees	3,03,975	—
Bank charges	80,249	—
Credit card charges	10,700	—
Provision against staff loan	10,06,765	—
Sales discount	13,52,081	—
Profit/loss on foreign currency	11,511	—
Staff welfare	2,50,475	—
Sundry expenses	2,64,499	—
Subscriptions	36,477	—
Depreciation on freehold property	3,68,823	—
Depreciation on plant and machinery	9,39,161	—
Depreciation on FF & E	3,41,992	—
Depreciation on motor vehicles	6,90,874	—
Profits/losses on disp of tangibles	(2,44,639)	—
	<u>3,01,15,898</u>	<u>—</u>