

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2007

1. Your Directors hereby submit their Report and Accounts for the financial year ended 31st March, 2007.

2. COMPANY PERFORMANCE

a. Profit Before Tax	Rs. 2,77,59,229
b. Provision for Tax (Fringe Benefit Tax)	Rs. 54,000
c. Profit After Tax	Rs. 2,77,05,229
d. Add: Profit Brought forward from previous year	Rs. 4,76,83,769
e. Surplus available for Appropriation	Rs. 7,53,88,998
f. Transferred to General Reserve	Rs. 27,70,523
g. Interim Dividend paid (recommended as Final Dividend)	Rs. 5,00,00,000
h. Dividend Tax paid	Rs. 70,12,500
i. Balance carried forward	Rs. 1,56,05,975

Your Directors declared on 27th September, 2006 an Interim Dividend of Rs. 5,00,00,000 (Rupees Five Crores) on 1,59,98,385 Ordinary Shares of Rs. 10/- each, fully paid, out of the profits of the Company to the Members whose names appeared on the Company's Register of Members on 27th September, 2006 and which is now recommended by your Directors as the Final Dividend for the financial year ended 31st March, 2007.

3. DIRECTORS

In accordance with the provisions of Article 92 of the Articles of Association of the Company, Mr. Partho Chatterjee will retire by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-election. Your Board of Directors have recommended his re-election.

4. RE-APPOINTMENT OF MANAGER UNDER SECTION 269 OF THE COMPANIES ACT, 1956

Mr. Jamuna Prasad was re-appointed as Manager of the Company by the Board of Directors for a period of one year with effect from 1st May, 2007, subject to the approval of the Members of the Company at the next General Meeting. Appropriate resolution seeking your approval to his re-appointment as Manager is appearing in the Notice convening the ensuing Annual General Meeting of the Company.

5. DIRECTORS' RESPONSIBILITY STATEMENT

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm having :

- followed in the preparation of the Annual Accounts, the applicable Accounting Standards, and there are no material departures;
- selected such accounting policies 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 your Company at the end of the financial year, and of the profit of your Company for that period;
- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- prepared the Annual Accounts on a going concern basis.

6. PARTICULARS OF EMPLOYEES

None of the employees of your Company are covered under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

7. AUDITORS

The Auditors, Messrs. Basu, Chatterjee & Co., Chartered Accountants, retire at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the nature of business of your Company, no comment is required on conservation of energy and technology absorption. There has been no foreign exchange earnings or outflow during the year under review.

15th May, 2007

Virginia House
37, J. L. Nehru Road
Kolkata - 700 071

On behalf of the Board

P. Chatterjee *Director*
S. Dutta *Director*

AUDITORS' REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LIMITED

1. We have audited the attached Balance Sheet of **Gold Flake Corporation Ltd.**, as at 31st March, 2007, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 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 the 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 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the 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 in paragraph 3 above, we report that :

- 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;
- 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;

(iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

(iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statements, dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

(v) on the basis of written representations received from the Directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2007 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2007;

(b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Basu, Chatterjee & Co.
Chartered Accountants

Sourabh Chakravarti
Partner

Place : Kolkata
Date : 15th May, 2007

Membership No. 54001

ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF GOLD FLAKE CORPORATION LTD.

(Referred to in paragraph 3 thereof)

1. (a) The Company is maintaining proper records to show full particulars, including quantitative details and situation of fixed assets.
 - (b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the Company and nature of its assets. No material discrepancies between the book records and the physical inventory was noticed.
 - (c) During the year, in our opinion, and according to information and explanations given to us, a substantial part of the fixed assets has not been disposed off by the Company.
2. According to information and explanations given to us and as per the books and records of the Company examined by us, there was no stock held by the Company at any time during the year.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured to parties covered in the Register mentioned under Section 301 of the Companies Act, 1956, paragraphs (iii) (b), (c) and (d) of the Order are not applicable.
 - (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. As the Company has not taken any loans, secured or unsecured from parties covered in the Register mentioned under Section 301 of the Companies Act, 1956, paragraphs (iii) (f) and (g) of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and nature of its business for purchase of fixed assets and for sale of goods and services. Further on the basis of our examination, and according to the information and explanations given to us, we have neither come across, nor have we been informed of any instance of major weakness in the aforesaid internal control system.
5. In our opinion, and according to the information and explanations given to us, there are no contracts or arrangements that need to be entered into the Register maintained under Section 301 of the Companies Act, 1956.
6. The Company has not accepted any deposit from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. (a) According to the information and explanations given to us and according to the books and records examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including sales tax, income tax, cess and other material statutory dues as applicable to it with the appropriate authorities during the year.
 - (b) According to the information and explanations given to us, there are no undisputed dues, including sales tax, income tax, cess which were outstanding for more than six months as at 31st March, 2007.
 - (c) According to the information and explanations given to us, there are no disputed dues, including sales tax, income tax, cess which were outstanding as at 31st March, 2007.
9. The Company does not have accumulated losses as at 31st March, 2007, and has not incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
10. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
11. In our opinion and according to the information and explanations given to us, the Company is not a dealer or trader in securities.
12. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks and financial institutions.
13. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956, during the year.
14. The Company has not raised any money by public issue during the year.
15. According to the information and explanations given to us, during the year, no fraud on or by the Company has been noticed or reported.
16. The nature of the Company's activities during the year ended 31st March, 2007, indicate that the provisions of clauses 4 (viii), (xi), (xiii), (xvi), (xvii), (xix) of the Companies (Auditor's Report) Order, 2003 are not applicable.

For Basu, Chatterjea & Co.
Chartered Accountants

Sourabh Chakravarti
Partner

Place : Kolkata
Date : 15th May, 2007

Membership No. 54001

BALANCE SHEET AS AT 31ST MARCH, 2007

	Schedule	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Share Capital	1	15,99,83,850	15,99,83,850
(b) Reserves and Surplus	2	2,15,21,567	5,08,28,838
TOTAL		<u>18,15,05,417</u>	<u>21,08,12,688</u>
II. APPLICATION OF FUNDS			
1. Fixed Assets (Net)	3	6,389	10,488
2. Investments	4	18,12,79,774	21,08,33,567
3. Current Assets, Loans and Advances	5	1,70,18,227	1,67,13,584
4. Less : Current Liabilities and Provisions	6	<u>1,67,98,973</u>	<u>1,67,44,951</u>
5. Net Current Assets / (Liabilities)		2,19,254	(31,367)
TOTAL		<u>18,15,05,417</u>	<u>21,08,12,688</u>
Notes to Accounts	8		
Significant Accounting Policies	9		

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our Report of even date.

For Basu, Chatterjea & Co.
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 15th May, 2007

On behalf of the Board
P. Chatterjee Director
S. Dutta Director
J. Prasad Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

	Schedule	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
I. INCOME			
Dividend Income		2,76,00,105	2,97,78,803
Profit on sale of Current Investments (Net)		<u>2,74,913</u>	<u>89,614</u>
		<u>2,78,75,018</u>	<u>2,98,68,417</u>
II. EXPENDITURE			
Salaries and Wages		60,000	55,000
Operating and Establishment Expenses	7	51,690	78,034
Excess of Cost over fair value of Current Investments		—	28,229
Depreciation		<u>4,099</u>	<u>6,796</u>
		<u>1,15,789</u>	<u>1,68,059</u>
III. PROFIT			
Profit before Taxation		2,77,59,229	2,97,00,358
Provision for Taxation		54,000	—
Provision for Fringe Benefit Tax		—	544
		<u>54,000</u>	<u>544</u>
Profit after Taxation		2,77,05,229	2,96,99,814
Profit brought forward		<u>4,76,83,769</u>	<u>1,79,83,955</u>
Available for appropriations		<u>7,53,88,998</u>	<u>4,76,83,769</u>
IV. APPROPRIATIONS			
Interim Dividend Paid		5,00,00,000	—
Dividend Tax Paid		70,12,500	—
Transfer to General Reserve		27,70,523	—
Profit carried forward		<u>1,56,05,975</u>	<u>4,76,83,769</u>
		<u>7,53,88,998</u>	<u>4,76,83,769</u>
Earnings Per Share (Face Value Rs. 10.00 each)	8(4)	1.73	1.86
Notes to Accounts	8		
Significant Accounting Policies	9		

The Schedules referred to above form an integral part of the Profit and Loss Account.
This is the Profit and Loss Account referred to in our Report of even date.

For Basu, Chatterjea & Co.
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 15th May, 2007

On behalf of the Board
P. Chatterjee Director
S. Dutta Director
J. Prasad Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
A. NET PROFIT BEFORE TAX	2,77,59,229	2,97,00,358
ADJUSTMENTS FOR :		
Depreciation	4,099	6,796
Income from Long Term Investments	(1,80,00,000)	(2,25,00,000)
Income from Current Investments	(96,00,105)	(72,78,803)
Excess of cost over fair value of Current Investments	—	28,229
Profit on Sale of Current Investments	(2,74,913)	(89,614)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(1,11,690)	(1,33,034)
ADJUSTMENTS FOR :		
Increase/(Decrease) in Current Liabilities	22	(833)
CASH GENERATED FROM OPERATIONS	(1,11,668)	(1,33,867)
Income Tax Paid	(2,44,912)	(41,509)
NET CASH FROM OPERATING ACTIVITIES	(3,56,580)	(1,75,376)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Income from Long Term Investments	1,80,00,000	2,25,00,000
Income from Current Investments	41,24,400	—
Purchase of Current Investments	(1,71,15,51,000)	(2,02,27,93,139)
Sale of Current Investments	1,74,68,55,410	2,00,01,86,884
NET CASH USED IN INVESTING ACTIVITIES	5,74,28,810	(1,06,255)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Interim Dividend Paid	(5,00,00,000)	—
Dividend Tax Paid	(70,12,500)	—
NET CASH FLOW FROM FINANCING ACTIVITIES	(5,70,12,500)	—
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	59,730	(2,81,631)
OPENING CASH AND CASH EQUIVALENTS	50,887	3,32,518
CLOSING CASH AND CASH EQUIVALENTS	1,10,617	50,887

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

For Basu, Chatterjea & Co.
Chartered Accountants
Sourabh Chakravarti
Partner
Kolkata, 15th May, 2007

On behalf of the Board

P. Chatterjee Director
S. Dutta Director
J. Prasad Secretary

SCHEDULES TO THE ACCOUNTS

1. SHARE CAPITAL

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
Authorised :		
2,00,00,000 Ordinary Shares of Rs. 10/- each	<u>20,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed and Paid up :		
1,59,98,385 Ordinary Shares of Rs. 10/- each, fully paid up	<u>15,99,83,850</u>	<u>15,99,83,850</u>
	<u>15,99,83,850</u>	<u>15,99,83,850</u>

(All the shares are held by the Holding Company, ITC Limited)

2. RESERVES AND SURPLUS

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
General Reserve		
At the commencement of the year	31,45,069	31,45,069
Add : Transferred from Profit and Loss Account	27,70,523	—
	<u>59,15,592</u>	<u>31,45,069</u>
Profit and Loss Account	<u>1,56,05,975</u>	<u>4,76,83,769</u>
	<u>2,15,21,567</u>	<u>5,08,28,838</u>

3. FIXED ASSETS

	Original Cost as at 1st April, 2006 (Rs.)	Original Cost as at 31st March, 2007 (Rs.)	Depreciation up to 31st March, 2006 (Rs.)	Depreciation for the year (Rs.)	Depreciation up to 31st March, 2007 (Rs.)	Net Book Value as at 31st March, 2007 (Rs.)
Plant and Machinery	41,21,637	41,21,637	41,11,588	4,020	41,15,608	6,029
Furniture and Fixture	5,090	5,090	4,651	79	4,730	360
Total	41,26,727	41,26,727	41,16,239	4,099	41,20,338	6,389
Previous Year	41,26,727	41,26,727	41,09,443	6,796	41,16,239	10,488

There was no addition /deduction to the Fixed Assets during the current year and previous year.

SCHEDULES TO THE ACCOUNTS (Contd.)

4. INVESTMENTS

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
Unquoted		
Long Term		
Trade Investments		
ITC Filtrona Limited		
22,50,000 (2006 – 22,50,000) Equity Shares of Rs. 10/- each, fully paid up	2,25,00,000	2,25,00,000
Asia Tobacco Company Limited		
55,650 (2006 – 55,650) Equity Shares of Rs. 100/- each, fully paid up	83,47,500	83,47,500
1,39,125 (2006 – 1,39,125) Equity Shares of Rs. 100/- each, partly paid up	1,04,34,375	1,04,34,375
Sub Total	<u>4,12,81,875</u>	<u>4,12,81,875</u>
Current		
Other Investments		
Principal Floating Rate Fund SMP	1,99,97,899	—
10,90,682.341 (2006 - Nil) Units of Rs. 10/- each		
Standard Chartered FMP Quarterly Series 6	12,00,00,000	—
1,20,00,000 (2006 – Nil) Units of Rs. 10/- each		
Canfloating Rate Short Term Weekly Dividend	—	4,95,51,692
Nil (2006 – 48,28,599.60) Units of Rs. 10/- each		
Kotak FMP Series 23 - Growth	—	12,00,00,000
Nil (2006 – 1,20,00,000.00) Units of Rs. 10/- each		
Sub Total	<u>13,99,97,899</u>	<u>16,95,51,692</u>
TOTAL	<u>18,12,79,774</u>	<u>21,08,33,567</u>

5. CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
A. CURRENT ASSETS		
Cash and Bank Balances		
Balances with Scheduled Banks		
– On Current Account	1,10,617	50,887
Other Current Assets (Unsecured, considered good)		
Deposits with Others	5,000	5,000
B. LOANS AND ADVANCES (Unsecured, considered good)		
Advance Payment of Tax		
– Income Tax	1,69,01,566	1,66,57,153
– Fringe Benefit Tax	1,044	544
	<u>1,70,18,227</u>	<u>1,67,13,584</u>

6. CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
A. Current Liabilities		
Sundry Creditors for Supplies and Expenses		
– Total Outstanding dues of Creditors other than Small Scale Industrial Undertaking(s)	20,225	20,203
Sundry Deposits	4,64,204	4,64,204
B. Provisions		
Provision for Tax		
– Income Tax	1,63,14,000	1,62,60,000
– Fringe Benefit Tax	544	544
	<u>1,67,98,973</u>	<u>1,67,44,951</u>

7. OPERATING AND ESTABLISHMENT EXPENSES

	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
Rates and Taxes	3,330	3,270
Filing Fees	2,000	3,000
Auditors' Remuneration (including Service Tax)		
– Audit Fees	20,225	20,203
– Reimbursement of Expenses	14,030	13,775
Professional and Contractual Fees	1,500	23,100
Printing and Stationery	5,630	—
Miscellaneous Expenses	4,975	14,686
Total	<u>51,690</u>	<u>78,034</u>

8. NOTES TO ACCOUNTS

- Uncalled liability in respect of partly paid up shares is Rs.3,13,03,125/- (2006 - Rs.3,13,03,125/-).
- Dividend Income represents Rs.1,80,00,000/- (2006 - Rs. 2,25,00,000/-) from Long Term Investments.
- During the year, the following Current Investments were purchased and sold :-
 - 4,20,96,507.52 Units of Canfloating Rate - Short Term Plan Weekly Dividend at cost of Rs. 43,22,67,700/-.
 - 4,04,27,670.05 Units of Principal Floater Rate Fund SMP Institutional Option Dividend Reinvestment at cost of Rs. 40,43,05,000/-.
 - 6,20,45,610.66 Units of Prudential ICICI Floating Rate Plan-D Daily Dividend at cost of Rs.62,04,56,107/-.
 - 1,20,00,000 Units of Standard Chartered Fixed Maturity Plan Series 2 Quarterly Plan at cost of Rs.12,00,00,000/-.

	For the year ended 31st March, 2007	For the year ended 31st March, 2006
4. Earnings per Share		
Profit after Taxation (Rs.)	2,77,05,229	2,96,99,814
Weighted average number of Ordinary Shares outstanding	1,59,98,385	1,59,98,385
Basic and diluted earnings per share in Rupees (Face Value - Rs.10/- per share)	1.73	1.86

- Remuneration of Manager :
Salaries : Rs. 60,000/- (2006 - Rs. 55,000/-). No retirement benefit is due to him.
- Provision for Taxation included in the Profit and Loss Account represents Current Tax. The incidence of Deferred Tax being insignificant, is not considered.

7. Related Party Disclosures :

(a) Relationships

Holding Company	- ITC Limited
Joint Venture	- ITC Filtrona Limited
Key Management Personnel	
Mr. K. Vaidyanath	Non-Executive Chairman
Mr. P. Chatterjee	Non-Executive Director
Mr. B. B. Chatterjee	Non-Executive Director
Mr. S. Dutta	Non-Executive Director
Mr. J. Prasad	Manager and Secretary

(b) Disclosure of transaction between the Company and Related Party :

Particulars	For the year ended 31st March, 2007 (Rs.)	For the year ended 31st March, 2006 (Rs.)
Joint Venture Company		
Dividend Received	1,80,00,000/-	2,25,00,000/-

8. Interest in Joint Ventures :

The Company's interests, as a venturer, in jointly controlled entity (incorporated Joint Ventures) is :

Name	Country of Incorporation	Percentage of Voting Power as at 31st March, 2007
ITC Filtrona Limited	India	50

The financial statements of ITC Filtrona Limited are drawn up to 31st December, 2006

SCHEDULES TO THE ACCOUNTS (Contd.)

The Company's interests in this Joint Venture is reported as Long Term Investment (Schedule 3) and stated at cost. However, the Company's share of each of the assets, liabilities, income and expenses, etc. (each without elimination of the effect of transactions between the Company and the Joint Venture) related to its interests in the Joint Ventures are :

	As at 31st March, 2007 (Rs.)	As at 31st March, 2006 (Rs.)
I ASSETS		
1. Fixed Assets (net)	6,13,38,396	4,50,34,820
2. Current Assets, Loans and Advances		
a) Inventories	8,68,40,760	8,20,76,950
b) Sundry Debtors	1,53,13,629	1,31,37,773
c) Cash and Bank Balances	6,76,82,026	6,45,76,717
d) Other Current Assets	11,53,357	10,70,155
e) Loans and Advances	1,46,25,205	1,19,70,885
II LIABILITIES		
1. Current Liabilities and Provisions		
a) Liabilities	9,65,34,740	8,23,40,624
b) Provisions	2,19,49,768	2,14,50,675
2. Deferred Tax (net)	51,03,446	53,60,695
III INCOME		
1. Sales	46,78,95,604	38,90,63,223
2. Other Income	43,50,080	28,04,931
IV EXPENSES		
1. Raw Materials, etc.	31,43,09,625	28,83,59,292
2. Excise Duties and Taxes on sale of Products and Services	5,70,38,617	2,77,56,333
3. Manufacturing, Selling, etc. Expense	3,87,52,781	3,06,09,336
4. Depreciation	76,67,396	81,73,407
5. Provision for Taxation (including Fringe Benefit Tax)	1,89,88,969	1,21,50,016
V OTHER MATTERS		
Capital Commitments	3,61,248	2,72,178

9. Segment Reporting - The Company operates in a single business and geographical segment.
10. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2007. This information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.
11. Figures for the previous year have been regrouped / rearranged wherever necessary.

9. SIGNIFICANT ACCOUNTING POLICIES**Basis of Accounting**

The Financial Statements are prepared on accrual basis under the historical cost convention.

Fixed Assets

Fixed Assets are stated at cost including any incidental acquisition expenses.

Depreciation

Depreciation is provided on "Written Down Value" basis at the rates prescribed in Schedule XIV to the Companies Act, 1956.

Investments

Long Term Investments are stated at cost. Current Investments are stated at lower of cost and fair value. However, suitable provisions are considered for permanent diminution in value of Long Term Investments, if any. Income from Investments is included together with the related tax credit in the Profit and Loss Account.

Inventories

The inventories are valued at cost or below. The average cost is computed on the basis of weighted average method.

Foreign Currency Liabilities

Foreign Currency Liabilities are restated at the rates ruling at the year end and all exchange gains / losses arising therefrom are adjusted in the Profit and Loss Account except for those covered by forward contract rates where the gains / losses arising from such restatement are recognised over the period of such contracts.

Borrowing Costs

Borrowing cost that are directly attributable to the acquisition or construction of qualifying assets, are capitalised as part of cost of such assets. All other borrowing cost are charged to revenue.

Lease Rentals

Lease Rentals are being accounted for on an accrual basis.

Taxes on Income

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred Tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Assets are not recognised unless there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such Deferred Tax Assets can be realised.

For Basu, Chatterjee & Co.
Chartered Accountants

Sourabh Chakravarti
Partner
Kolkata, 15th May, 2007

On behalf of the Board

P. Chatterjee Director
S. Dutta Director
J. Prasad Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(As per Schedule VI, Part IV of the Companies Act, 1956)

I. Registration Details

Registration No. State Code

Balance Sheet Date
Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue Rights Issue

Bonus Issue Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities Total Assets

Sources of Funds

Paid up Capital Reserves & Surplus

Secured Loans Unsecured Loans

Application of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including Other Income) Total Expenditure

+ - Profit / Loss Before Tax + - Profit / Loss After Tax

(Please tick appropriate box + for profit, - for loss)

Earning Per Share in Rs. Dividend Rate (%)

V. Generic Names of Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)

Product Description

Audit Committee : Mr. K. Vaidyanath, Chairman, M/s. P. Chatterjee, B. B. Chatterjee, Members