

**REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2008**

1. Your Directors hereby submit their Report and Accounts for the financial year ended 31st March, 2008.

**2. COMPANY PERFORMANCE**

In view of the volatility in the present business environment, the Company has not been contracting any fresh business and the temporary surplus funds of the Company have been invested in debt mutual funds to optimise returns.

The financial results of the Company, summarised, are as under :

	Rs.
Profit Before Tax	35,06,186
Provision for Tax (including Fringe Benefit Tax)	1,16,810
Profit After Tax	<u>33,89,376</u>
Add : Profit brought forward from previous year	<u>62,51,604</u>
Surplus available for Appropriation	96,40,980
Transferred to General Reserve	—
Balance carried forward	<u>96,40,980</u>

**3. DIRECTORS**

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

**4. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) followed in the preparation of the Annual Accounts, the applicable Accounting Standards, and there are no material departures;
- (ii) 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 the Company at the end of the financial year, and of the profit of the Company for that period;

(iii) 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

(iv) prepared the Annual Accounts on a going concern basis.

**5. PARTICULARS OF EMPLOYEES**

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

**6. AUDITORS**

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

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

Considering the nature of business of the 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, 2008  
Virginia House  
37, J. L. Nehru Road  
Kolkata 700 071

On behalf of the Board  
B. B. Chatterjee *Director*  
S. Dutta *Director*

**AUDITORS' REPORT TO THE MEMBERS OF WILLS CORPORATION LIMITED**

1. We have audited the attached balance sheet of **Wills Corporation Limited**, as at 31st March 2008, 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 paragraph 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :

- i. 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;
- ii. 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 statement, 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 2008, and taken on record by the Board of Directors, 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 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 2008;

(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, Chatterjea & Co.,  
*Chartered Accountants*

Sourabh Chakravarti  
*Partner*

Place : Kolkata  
Date : 15th May 2008

Membership No. 54001

**ANNEXURE TO THE AUDITORS' REPORT TO THE MEMBERS OF WILLS 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 appropriate authorities during the year.
  - (b) According to the information and explanation 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 2008.
  - (c) According to the information and explanation given to us, there are no disputed dues, including sales tax, income tax, cess which were outstanding as at 31st March 2008.
9. The Company does not have accumulated losses as at 31st March 2008, 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 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, 2008, indicate that the provisions of clauses 4(viii), (xi), (xiii), (xvi), (xvii), (xix) of the Companies (Auditors' Report) Order, 2003 are not applicable.

For Basu, Chatterjea & Co.  
Chartered Accountants

Sourabh Chakravarti

Partner

Membership No. 54001

Place : Kolkata  
Date : 15th May 2008

**BALANCE SHEET AS AT 31ST MARCH, 2008**

	Schedule	As at 31st March, 2008		As at 31st March, 2007	
		(Rs.)	(Rs.)	(Rs.)	(Rs.)
<b>I. SOURCES OF FUNDS</b>					
1. Shareholders' Funds					
(a) Share Capital	1		4,88,56,260		4,88,56,260
(b) Reserves and Surplus	2		1,07,56,181		73,66,805
<b>TOTAL</b>			<u>5,96,12,441</u>		<u>5,62,23,065</u>
<b>II. APPLICATION OF FUNDS</b>					
1. Fixed Assets (Net)	3		47,53,177		48,46,332
2. Investments	4		5,43,59,768		5,09,07,587
3. Current Assets, Loans and Advances	5	1,34,61,611		1,33,04,070	
4. Less : Current Liabilities and Provisions	6	1,29,62,115		1,28,34,924	
5. Net Current Assets			4,99,496		4,69,146
<b>TOTAL</b>			<u>5,96,12,441</u>		<u>5,62,23,065</u>
Notes to the 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, 2008

On behalf of the Board

B. B. Chatterjee Director  
S. Dutta Director  
T. K. Ghosal Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2008

	Schedule	For the year ended 31st March, 2008 (Rs.)	For the year ended 31st March, 2007 (Rs.)
<b>I. INCOME</b>			
Dividend Income from Current Investments		37,44,915	33,24,260
Profit on Sale of Investments (Net)		—	93,092
Rental Income		4,80,000	4,80,000
Miscellaneous Income		4,45,224	3,58,920
		<u>46,70,139</u>	<u>42,56,272</u>
<b>II. EXPENDITURE</b>			
Salaries and Wages		5,83,850	5,13,083
Operating and Establishment Expenses	7	1,16,051	1,17,630
Loss on Sale of Investments		3,33,227	—
Excess of Cost over fair value of Current Investments		37,670	—
Depreciation		93,155	93,155
		<u>11,63,953</u>	<u>7,23,868</u>
<b>III. PROFIT</b>			
Profit before Taxation		35,06,186	35,32,404
Provision for Taxation		1,16,200	61,000
Provision for Fringe benefit Tax		610	500
Profit after Taxation		33,89,376	34,70,904
Profit brought forward		62,51,604	1,45,30,290
Available for appropriations		<u>96,40,980</u>	<u>1,80,01,194</u>
<b>IV. APPROPRIATIONS</b>			
Dividend Paid		—	1,00,00,000
Dividend Tax Paid		—	14,02,500
Transfer to General Reserve		—	3,47,090
Profit carried forward		96,40,980	62,51,604
		<u>96,40,980</u>	<u>1,80,01,194</u>
Earnings per share (Face value Rs. 10.00 each)	8(2)	0.69	0.71
Notes to the 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, 2008

On behalf of the Board  
B. B. Chatterjee Director  
S. Dutta Director  
T. K. Ghosal Secretary

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

	For the year ended 31st March, 2008 (Rs.)	For the year ended 31st March, 2007 (Rs.)
<b>A. NET PROFIT BEFORE TAX</b>	35,06,186	35,32,404
<b>ADJUSTMENTS FOR :</b>		
Depreciation	93,155	93,155
Dividend from Current Investments	(37,44,915)	(33,24,260)
Excess of cost over fair value of Current Investments	37,670	—
Loss/(Profit) on Sale of Current Investments	3,33,227	(93,092)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<u>2,25,323</u>	<u>2,08,207</u>
<b>ADJUSTMENTS FOR :</b>		
Trade and Other Receivables	(30,886)	(89,210)
Trade Payables	10,381	59,887
<b>CASH GENERATED FROM OPERATIONS</b>	<u>2,04,818</u>	<u>1,78,884</u>
Income Tax (Paid)/Refund Received	(1,81,890)	(1,17,850)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>22,928</u>	<u>61,034</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Income from Current Investments	9,38,400	13,74,800
Purchase of Current Investments	(40,83,24,000)	(56,84,69,000)
Sale of Current Investments	40,73,07,435	(57,84,79,153)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(78,165)</u>	<u>1,13,84,953</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Dividend Paid	—	(1,00,00,000)
Dividend Tax Paid	—	(14,02,500)
<b>NET CASH FLOW USED IN FINANCING ACTIVITIES</b>	<u>—</u>	<u>(1,14,02,500)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(55,237)	43,487
<b>OPENING CASH AND CASH EQUIVALENTS</b>	1,98,692	1,55,205
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<u>1,43,457</u>	<u>1,98,692</u>

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, 2008

On behalf of the Board  
B. B. Chatterjee Director  
S. Dutta Director  
T. K. Ghosal Secretary

SCHEDULES TO THE ACCOUNTS

1. SHARE CAPITAL

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
<b>Authorised :</b>		
50,00,000 Ordinary Shares of Rs. 10/- each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
	<u>5,00,00,000</u>	<u>5,00,00,000</u>
<b>Issued, Subscribed and Paid up :</b>		
48,85,626 Ordinary Shares of Rs. 10/- each, fully paid up	<u>4,88,56,260</u>	<u>4,88,56,260</u>
	<u>4,88,56,260</u>	<u>4,88,56,260</u>

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

2. RESERVES AND SURPLUS

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
<b>General Reserve</b>		
At the commencement of the year	11,15,201	7,72,576
Add : From Profit and Loss Account	—	3,47,090
Less : Adjustment of Opening Balance of Retirement Benefit for AS-15	—	(4,465)
	<u>11,15,201</u>	<u>11,15,201</u>
<b>Profit and Loss Account</b>	<u>96,40,980</u>	<u>62,51,604</u>
	<u>1,07,56,181</u>	<u>73,66,805</u>

3. FIXED ASSETS

	Original Cost as at 1st April, 2007 (Rs.)	Original Cost as at 31st March, 2008 (Rs.)	Depreciation up to 1st April, 2007 (Rs.)	Depreciation for the Year (Rs.)	Depreciation up to 31st March, 2008 (Rs.)	Net Block Value up to 31st March, 2008 (Rs.)
Plant and Machinery	78,70,428	78,70,428	78,70,428	—	78,70,428	—
Building (*)	57,15,053	57,15,053	8,68,721	93,155	9,61,876	47,53,177
Total	1,35,85,481	1,35,85,481	87,39,149	93,155	88,32,304	47,53,177
Previous Year	1,35,85,481	1,35,85,481	86,45,994	93,155	87,39,149	48,46,332

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

\*Includes assets given on operating leases, which are not non-cancellable and are usually renewable by mutual consent on mutually agreeable terms.

The Gross Value of such assets is Rs. 57,15,053/- (2007 - Rs. 57,15,053/-) and Accumulated Depreciation is Rs. 9,61,877/- (2007 - Rs. 8,68,721/-).

Depreciation for the year charged to Profit and Loss Account is Rs. 93,155/- (2007 - Rs. 93,155/-).

The aggregate lease rental is shown as Rental Income.

4. INVESTMENTS

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
<b>Unquoted Current</b>		
<b>Other Investments</b>		
Sundaram BNP Paribas Interval Fund-Quarterly Plan B-Institutional Plan - Dividend Reinvest Daily 49,98,650.364 (2007-Nil) Units of Rs. 10/- each	5,00,00,000	—
Principal Cash Management Fund Liquid Option-Institutional Plan -Dividend Reinvest Daily 32,423.28 (2007 - Nil) Units of Rs. 10/- each	3,24,304	—
Pru ICICI Institutional Short Term Dividend Reinvest-Fortnightly 3,64,211.5676 (2007-Nil) Units of Rs. 10/-each	40,35,464	—
Principal Floating Rate Fund SMP Nil (2007-10,90,682.341) Units of Rs. 10/- each	—	1,09,07,587
Standard Chartered FMP Quarterly Series 6 Nil (2007 - 40,00,000) Units of Rs. 10/- each	—	4,00,00,000
	<u>5,43,59,768</u>	<u>5,09,07,587</u>

5. CURRENT ASSETS, LOANS AND ADVANCES

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)	As at 31st March, 2007 (Rs.)
<b>A. Current Assets</b>			
Cash and Bank Balances			
Balances with Scheduled Banks			
– In Current Accounts	1,42,955	1,98,692	
– Cash in Hand	502	—	
Other Current Assets (Unsecured, considered good)			
Deposits	56,563	56,563	
Others	<u>1,24,447</u>	<u>1,81,010</u>	1,50,124
<b>B. Loans and Advances (Unsecured, considered good)</b>			
Advance Payment of Tax			
– Income Tax	1,31,33,228	1,29,52,338	
– Fringe Benefit Tax	<u>3,916</u>	<u>2,916</u>	1,29,55,254
	<u>1,34,61,611</u>	<u>1,33,04,070</u>	

6. CURRENT LIABILITIES AND PROVISIONS

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
<b>A. Current Liabilities</b>		
Sundry Creditors for Supplies and Expenses		
– Total Outstanding dues of Creditors other than Micro, Small and Medium Enterprises	47,308	52,354
Others Liabilities	2,291	—
Security Deposit	20,00,000	20,00,000
<b>B. Provisions</b>		
Provision for Retirement Benefits	1,01,959	88,823
Provision for Taxes		
– Income Tax	1,08,07,547	1,06,91,347
– Fringe Benefit Tax	<u>3,010</u>	<u>2,400</u>
	<u>1,29,62,115</u>	<u>1,28,34,924</u>

7. OPERATING AND ESTABLISHMENT EXPENSES

	As at 31st March, 2008 (Rs.)	As at 31st March, 2007 (Rs.)
Rates and Taxes	40,168	38,798
Insurance	3,831	4,351
Auditor's Remuneration (including Service Tax)		
Audit Fees	20,225	20,225
Reimbursement of Expenses	14,045	14,030
Travelling and Conveyance	1,184	—
Postage, Telephone, Telex, etc.	5,595	6,483
Printing and Stationery	6,426	—
Professional and Contractual Fees	21,600	28,748
Filing Fees	1,500	1,000
Miscellaneous Expenses	<u>1,477</u>	<u>3,995</u>
	<u>1,16,051</u>	<u>1,17,630</u>

## SCHEDULES TO THE ACCOUNTS (Contd.)

## 8. NOTES TO ACCOUNTS

1. During the year, the following Current Investments were purchased and sold:-

- (i) 10,96,707.73 Units of Canara Robeco Liquid Fund Institutional Daily Dividend Reinvest at cost of Rs. 1,10,12,042/-.
- (ii) 20,48,017.98 Units of Principal Floating Rate Fund SMP Institutional Option Dividend Reinvestment at cost of Rs. 2,04,81,609/-.
- (iii) 29,20,435.28 Units of DWS Short Maturity Fund-Weekly Dividend Reinvestment at cost of Rs. 3,00,40,421/-.
- (iv) 52,73,906.93 Units of Kotak Flexi Debt Scheme-Daily Dividend at cost of Rs. 5,29,03,088/-.
- (v) 52,11,263.96 Units of HSBC Liquid Plus Fund Institutional Plus-Daily Dividend at cost of Rs. 5,21,78,302/-.
- (vi) 1,06,57,580.86 Units of Principal Floating Rate Fund-FMP-Institutional Daily Dividend at cost of Rs. 10,67,06,897/-.
- (vii) 9,01,144.86 Units of Kotak Liquid Institutional - Daily Dividend at cost of Rs. 1,10,19,289/-.
- (viii) 20,07,075.88 Units of LIC MF Liquid Plan - Dividend at cost of Rs. 2,20,37,894/-.
- (ix) 36,07,373.47 Units of Pru ICICI Institutional Short Term Plan-Dividend Reinvest Fortnightly at cost of Rs. 4,03,43,495/-.
- (x) 10,00,776.80 Units of Principal Cash Management Liquid Option Institutional Dividend Reinvest Daily at cost of Rs. 1,00,09,970/-.

2. Earnings per Share

	For the year ended 31st March, 2008	For the year ended 31st March, 2007
Profit after Taxation (Rs.)	33,89,376/-	34,70,905/-
Weighted average number of Ordinary Shares outstanding	48,85,626	48,85,626
Basic and diluted earnings per share in Rupees (Face Value - Rs. 10/- per share)	0.69	0.71

3. Provision for Taxation included in the Profit and Loss Account represents Current Tax. The incidence of Deferred Tax being insignificant is not considered.

4. Related Party Disclosures :

## (a) Relationships :

Holding Company ITC 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. T. K. Ghosal	Secretary

(b) Disclosure of transactions between the Company and Related Party and the status of outstanding balances :

Particulars	For the year ended 31st March, 2008 (Rs.)	For the year ended 31st March, 2007 (Rs.)
<b>Holding Company</b>		
Postage, Telephone, Telex etc.	5,595/-	6,483/-
Rental Income	4,80,000/-	4,80,000/-
Miscellaneous Income	4,45,214/-	3,58,920/-
Dividend Paid	Nil	1,00,00,000/-
<b>Balance as at</b>	<b>31st March, 2008</b>	<b>31st March, 2007</b>
	(Rs.)	(Rs.)
Receivables	1,23,804/-	89,730/-
Payables	Nil	2,755/-
Security Deposit Received	20,00,000/-	20,00,000/-

5. Segment Reporting - The Company operates in a single business and geographical segment.

6. Employee Benefits :

Liability for Leave Encashment and Liability for Gratuity has been Actuarially determined and provided for in the books. The following table sets out the status as required by AS-15.

	For the year ended 31st March, 2008		For the year ended 31st March, 2007	
	Gratuity (Unfunded)	Leave Encashment (Unfunded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
<b>I. Components of Employer Expense</b>				
1. Current Service Cost	7,363	3,757	7,684	3,757
2. Interest Cost	1,503	1,735	1,432	1,548
3. Expected Return on Plan Assets	Nil	Nil	Nil	Nil
4. Curtailment Cost/(Credit)	Nil	Nil	Nil	Nil
5. Settlement Cost/(Credit)	Nil	Nil	Nil	Nil
6. Past Service Cost	21,473	24,780	20,450	22,120
7. Actuarial Losses/(Gains)	(3,915)	(990)	(8,093)	(2,645)
<b>8. Total expense recognised in the Statement of Profit &amp; Loss Account</b>	<b>26,424</b>	<b>29,282</b>	<b>21,473</b>	<b>24,780</b>
<b>II. Net Asset/(Liability) recognised in Balance Sheet</b>				
1. Present Value of Defined Benefit Obligation	26,424	29,282	21,473	24,780
2. Fair Value of Plan Assets	Nil	Nil	Nil	Nil
3. Status [Surplus/(Deficit)]	(26,424)	(29,282)	(21,473)	(24,780)
4. Unrecognised Past Service Cost	(21,473)	(24,780)	(20,450)	(22,120)
<b>5. Net Asset/(Liability) recognised in Balance Sheet</b>	<b>(47,897)</b>	<b>(54,062)</b>	<b>(41,923)</b>	<b>(46,900)</b>
<b>III. Change in Defined Benefit Obligations (DBO)</b>				
1. Present Value of DBO at the beginning of period	21,473	24,780	20,450	22,120
2. Current Service Cost	7,363	3,757	7,684	3,757
3. Interest Cost	1,503	1,735	1,432	1,548
4. Curtailment Cost/(Credit)	Nil	Nil	Nil	Nil
5. Settlement Cost/(Credit)	Nil	Nil	Nil	Nil
6. Plan Amendments	Nil	Nil	Nil	Nil
7. Acquisitions	Nil	Nil	Nil	Nil
8. Actuarial (Gains)/Losses	(3,915)	(990)	(8,093)	(2,645)
9. Benefits Paid	Nil	Nil	Nil	Nil
<b>10. Present Value of DBO at the End of the Period</b>	<b>26,424</b>	<b>29,282</b>	<b>21,473</b>	<b>24,780</b>
<b>IV. Actuarial Assumptions</b>				
1. Discount Rate (%) p.a.	7.50	7.50	7.50	7.50

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

7. 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 2008. This information regarding Micro, Small and Medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the company.

8. Figures for the previous year have been regrouped/re-arranged 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 "Straight Line" 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.

SCHEDULES TO THE ACCOUNTS (Contd.)

**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 there from 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 capitalized as part of cost of such assets. All other borrowing costs are charged to revenue.

**Lease Rentals**

Lease Rentals are being accounted for on an accrual basis.

**Retirement Benefits**

Liability for leave encashment and Gratuity payable to employees is provided for at the year-end on actuarial 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 recognized, 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 recognized 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, Chatterjea & Co.  
Chartered Accountants

Sourabh Chakravarti  
Partner  
Kolkata, 15th May, 2008

On behalf of the Board

B. B. Chatterjee Director  
S. Dutta Director  
T. K. Ghosal 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. 00087149 State Code 21

Balance Sheet Date 31 03 2008  
Date Month Year

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

Public Issue NIL Rights Issue NIL  
Bonus Issue NIL Private Placement NIL

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

Total Liabilities 72575 Total Assets 72575

**Sources of Funds**

Paid up Capital 48856 Reserves & Surplus 10756  
Secured Loans NIL Unsecured Loans NIL

**Application of Funds**

Net Fixed Assets 4753 Investments 54360  
Net Current Assets 499 Misc. Expenditure NIL  
Accumulated Losses NIL

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

Turnover (including other income) 4670 Total Expenditure 1164  
+ - Profit / Loss Before Tax 3506 + - Profit / Loss After Tax 3389  
 (Please tick appropriate box + for profit, - for loss)

Earnings Per Share in Rs. 0.69 Dividend Rate (%) NIL

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

Item Code No. (ITC Code) N.A.

Product Description N.A.